UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of**
**the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 9, 2007**

# INTEGRA LIFESCIENCES HOLDINGS CORPORATION

(Exact name of Registrant as specified in its charter)

| Delaware | 0-26224 | 51-0317849 |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

311 Enterprise Drive
Plainsboro, NJ 08536
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: (609) 275-0500

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On May 9, 2007, Integra LifeSciences Holdings Corporation issued a press release announcing financial results for the quarter ended March 31, 2007. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item.

The information contained in Item 2.02 of this Current Report on Form 8-K (including the press release) is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information contained in Item 2.02 of this Current Report on Form 8-K (including the press release) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

**Discussion of Adjusted Financial Measures**

In addition to our GAAP results, we provide adjusted net income and adjusted earnings per diluted share. Adjusted net income consists of net income excluding acquisition-related charges, facility consolidation, manufacturing transfer and system integration charges, certain employee termination and related costs, charges associated with discontinued or withdrawn product lines and income tax expense/benefit related to these adjustments. Adjusted earnings per diluted share is calculated by dividing adjusted net income for diluted earnings per share by diluted weighted average shares outstanding.

Integra believes that the presentation of adjusted net income and adjusted earnings per diluted share provides important supplemental information to management and investors regarding financial and business trends relating to the Company’s financial condition and results of operations. Management uses non-GAAP financial measures in the form of adjusted net income and adjusted earnings per diluted share when evaluating operating performance because we believe that the inclusion or exclusion of the items described below, for which the amounts and/or timing may vary significantly depending upon the Company’s acquisition and restructuring activities, provides a supplemental measure of our operating results that facilitates comparability of our operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and the valuation of our Company.

Internally, adjusted net income and adjusted earnings per diluted share are significant measures used by management for purposes of:

- supplementing the financial results and forecasts reported to the Company’s board of directors;
- evaluating, managing and benchmarking the operating performance of the Company;
- establishing internal operating budgets;
- determining compensation under bonus or other incentive programs;
- enhancing comparability from period to period;
- comparing performance with internal forecasts and targeted business models; and
- evaluating and valuing potential acquisition candidates.

Adjusted net income reflects net income adjusted for the following items:

• Acquisition-related charges. Acquisition-related charges include in-process research and development charges, charges related to discontinued research and development projects for product technologies that were made redundant by an acquisition and inventory fair value purchase accounting adjustments. Inventory fair value purchase accounting adjustments consist of the increase to cost of goods sold that occur as a result of expensing the “step up” in the fair value of inventory that we purchased in connection with acquisitions as that inventory is sold during the financial period. Although recurring given the ongoing character of our acquisition program, these acquisition-related charges are not factored into the evaluation of our performance by management after completion of acquisitions because they are of a temporary nature, they are not related to our core operating performance and the frequency and amount of such charges vary significantly based on the timing and magnitude of our acquisition transactions as well as the level of inventory on hand at the time of acquisition.

• Facility consolidation, manufacturing transfer and system integration charges. These charges, which include employee termination and other costs associated with exit or disposal activities and costs associated with the worldwide implementation of a single enterprise resource planning system, result from rationalizing our existing manufacturing, distribution and administrative infrastructure. Many of these cost-saving and efficiency-driven activities are identified as opportunities in connection with acquisitions that provide the Company with additional capacity or economies of scale. Although recurring in nature given management’s ongoing review of the efficiency of our manufacturing, distribution and administrative facilities and operations, management excludes these items when evaluating the operating performance of the Company because the frequency and amount of such charges vary significantly based on the timing and magnitude of the Company’s rationalization activities and are, in some cases, dependent upon opportunities identified in acquisitions, which also vary in frequency and magnitude.

• Employee termination and related costs. Employee termination and related costs consist of charges related to significant reductions in force that are not initiated in connection with facility consolidations or manufacturing transfers. Management excludes these items when evaluating Integra’s operating performance because these amounts do not affect our core operations and because of the infrequent and large-scale nature of these activities.

• Charges associated with discontinued or withdrawn product lines. This represents a charge taken in connection with a product line that the Company discontinued and reductions and revenue and charges taken in connection with a product withdrawal. Management excludes this item when evaluating Integra’s operating performance because of the infrequent nature of this activity.

• Income tax expense (benefit). Income tax expense is adjusted by the amount of additional tax expense or benefit that the Company estimates that it would record if it used non-GAAP results instead of GAAP results in the calculation of its tax provision**.** Such additional tax expense or benefit is calculated at the statutory rate applicable to jurisdictions in which such non-GAAP adjustments relate.

Adjusted net income and adjusted earnings per diluted share are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the costs or benefits associated with the operations of the Company’s business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of Integra’s results as reported under GAAP. Integra expects to continue to incur expenses of a nature similar to the non-GAAP adjustments described above, and exclusion of these items from its adjusted net income should not be construed as an inference that all of these costs are unusual, infrequent or non-recurring. Some of the limitations in relying on adjusted net income and adjusted earnings per diluted share are:

• Integra periodically acquires other companies or businesses, and we expect to continue to incur acquisition-related expenses and charges in the future. These costs can directly impact the amount of the Company’s available funds or could include costs for aborted deals which may be significant and reduce GAAP net income**.**

• Although the charges related to the restructuring of our operations and changes to our capital structure occur on a sporadic basis and the charges relating to the discontinued and withdrawn product line did not previously occur, they may recur in the future and they are, in many cases, cash charges that reduce our available cash. There is no assurance that we will not incur other similar charges and expenditures in the future.

• All of the adjustments have been tax effected at Integra's actual tax rates. Depending on the nature of the adjustments and the tax treatment of the underlying items, the effective tax rate related to adjusted net income could differ significantly from the effective tax rate related to GAAP income.

In the financial statements portion of its earnings press release for the first quarter of 2007, which is attached hereto as Exhibit 99.1, the Company has included a reconciliation of GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share used by management for the quarters ended March 31, 2007 and 2006. Also included are reconciliations for future periods.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

(d) Exhibits.

| Exhibit Number | Description of Exhibit |
|---|---|
| 99.1 | Press release issued May 9, 2007 regarding earnings for the quarter ended March 31, 2007 |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**INTEGRA LIFESCIENCES HOLDINGS CORPORATION**

Date: May 9, 2007

By: */s/ Stuart M. Essig*
*Stuart M. Essig*
*President and Chief Executive Officer*

## Exhibit Index

| Exhibit Number | Description of Exhibit |
|---|---|
| 99.1 | Press release issued May 9, 2007 regarding earnings for the quarter ended March 31, 2007 |

**Exhibit 99.1**

***News Release***

**Contacts:**

**Integra LifeSciences Holdings Corporation**

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## Integra LifeSciences Reports First Quarter 2007 Financial Results

***Revenues for the First Quarter Increase 60% to $123.0 million***

**Plainsboro, New Jersey, May 9, 2007 — Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the first quarter ending March 31, 2007. Total revenues in the first quarter of 2007 were $123.0 million, reflecting an increase of $45.9 million, or 60%, over the first quarter of 2006. Revenues from products acquired in 2006 were $34.7 million for the first quarter of 2007, as compared to $3.4 million in the first quarter of 2006.**

**The company reported GAAP net income of $9.1 million, or $0.30 per diluted share, for the first quarter of 2007, compared to GAAP net income of $8.7 million, or $0.28 per diluted share, in the first quarter of 2006.**

**"We achieved strong revenue growth in the first quarter from increased sales of our existing product lines and acquired products," said Stuart M. Essig, Integra's President and Chief Executive Officer. "During the quarter, we announced our agreement to acquire LXU Healthcare, the market-leading provider of surgical headlight systems, and we acquired the DenLite™ illuminated dental mirror product line to complement our Miltex® brand of dental instruments. We also launched the Integra Mozaik™ Osteoconductive Scaffold through our Integra NeuroSciences sales force and our newly created 20-person orthopedic spine sales organization. We are very excited about the launch of the Integra Mozaik product, which is an innovative bone graft substitute that addresses the estimated $350 million market for spinal fusion procedures. Initial customer feedback has been very positive."**

**Operating income for the first quarter of 2007 was $16.5 million, a 21% increase over the prior year period.**

**Integra generated $15.3 million in cash flows from operations in the first quarter of 2007, an increase of 41% over the year ago period.**

**"Our objectives include growing operating income and cash flows, which increased significantly over the prior year period," said Maureen B. Bellantoni, Integra's Executive Vice President and Chief Financial Officer. "During the past five years, we have generated in excess of 35% average annual growth in our operating cash flows. This has greatly improved our access to debt capital, which we have increasingly used to support our growth."**

**In addition to GAAP results, Integra reports adjusted net income and adjusted diluted earnings per share. A further discussion of these non-GAAP financial measures can be found below, and reconciliations of GAAP net income to adjusted net income and GAAP diluted earnings per share to adjusted diluted earnings per share for the quarters ended March 31, 2007 and 2006 appear in the financial statements attached to this release. Please note that as presented in this release Integra's adjusted net income and adjusted diluted earnings per share for these periods are not adjusted for compensation expense associated with FAS 123R. Integra will no longer be adjusting its net income and diluted earnings per share for these expenses.**

**Adjusted net income for the first quarter of 2007, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was $9.8 million, or $0.33 per diluted share. In the first quarter of 2006, adjusted net income was $10.4 million, or $0.31 per diluted share.**

**Integra LifeSciences presents its revenues in two categories: a) Neurosurgical and Orthopedic Implants and b) Medical Surgical Equipment.**

**The company's revenues for the periods were as follows:**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2007 | 2006 |
| Revenue: ($ in thousands) Neurosurgical and Orthopedic Implants | $ 47,087 | $ 36,746 |
| Medical Surgical Equipment and other | 75,945 | 40,389 |
| Total Revenue | $ 123,032 | $ 77,135 |

**Sales of our DuraGen® family of products, extremity reconstruction implants and bone growth products led revenue growth in the Neurosurgical and Orthopedic Implants category. In particular, sales of the NeuraGen® and Newdeal® family of products once again showed strong growth of approximately 25%. Sales of product lines acquired in 2006 contributed $2.4 million to the increase in neurosurgical and orthopedic implant sales.**

**In the Medical Surgical Equipment category, acquired products, surgical instruments and ultrasonic surgical systems provided most of the year-over-year growth in product revenues for the first quarter. The growth in this category came across multiple product lines, with our Jarit® surgical instruments, MAYFIELD®[1] cranial fixation systems and our monitoring product lines all generating double-digit growth in the quarter. Radionics™ products, Miltex® products and products of other companies sold through our former Canadian distributor (all acquired in 2006) contributed $32.3 million of product revenues during the quarter.**

**Gross margin on total revenues in the first quarter of 2007 was 60.5%. Cost of goods sold included charges related to the start up of CUSA manufacturing, a product withdrawal and employee severance costs, which together adversely affected the gross margin by one half of a percentage point.**

**Research and development expense increased $2.9 million in the first quarter of 2007 to $6.1 million. The increase came principally from increased spending on collagen regenerative technology and ultrasonic aspirator product development programs.**

**Selling, general and administrative expense increased by $18.0 million to $49.1 million in the first quarter of 2007, or 40% of revenue, consistent with the first quarter of 2006.**

**We reported a $1.9 million increase in net interest expense to $2.5 million for the first quarter of 2007, primarily from increased borrowings under our credit facility. We reported an effective income tax rate of 34%.**

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1 "MAYFIELD" is a registered trademark of SM USA, Inc., a wholly owned subsidiary of Schaerer Mayfield USA, Inc.

**During the first quarter of 2007, we repurchased 264,000 shares of our common stock for an aggregate purchase price of $11.1 million. As of March 31, 2007, there was approximately $25.7 million available for repurchases under our existing share repurchase authorization, which will expire on December 31, 2007.**

**At March 31, 2007, our cash totaled $29.3 million and we had outstanding borrowings of $100 million under our credit facility. In the first quarter of 2007, we increased the borrowing capacity under our credit facility to $300 million.**

**We are updating our guidance for the full year 2007 and 2008. We are also providing guidance for each quarterly period for the next twelve months. Our estimates assume foreign currency exchange rates remain unchanged throughout 2007 and 2008. In accordance with our usual practice, our expectations for 2007 and 2008 financial performance do not include the impact of acquisitions or other strategic corporate transactions that have not yet closed.**

**The acquisition of LXU Healthcare, which we announced last night, is included in our guidance. We expect this acquisition to increase our revenues in 2007 by approximately $19 million and in 2008 by approximately $30 million.**

**We estimate that we will incur approximately $1.25 million of inventory purchase accounting charges and $0.75 million of acquisition and integration related costs during the balance of 2007 related to the LXU Healthcare acquisition. In the future we may record, or expect to record, certain additional revenues, gains, expenses or charges (such as acquisition-related charges, facility consolidation, manufacturing transfer and system integration charges, and certain employee termination and related costs) that we will exclude in the calculation of adjusted earnings per share for historical periods and in providing adjusted earnings per share guidance.**

**We do not expect the LXU Healthcare acquisition to impact adjusted earnings per share in 2007 or 2008.**

**Our quarterly and full-year revenue and GAAP and adjusted earnings per share expectations are as follows:**

| Period | Revenue Guidance (in millions) | GAAP Earnings Per Share Guidance | Adjusted Earnings Per Share Guidance |
|---|---|---|---|
| Second Quarter 2007 | $124 - $127 | $0.33 - $0.35 | $0.34 - $0.36 |
| Third Quarter 2007 | $136 - $139 | $0.44 - $0.48 | $0.46 - $0.49 |
| Fourth Quarter 2007 | $150 - $153 | $0.56 - $0.60 | $0.58 - $0.61 |
| First Quarter 2008 | $142 - $147 | $0.46 - $0.50 | same as GAAP |
| 2007 | $533 - $542 | $1.63 - $1.73 | $1.70 - $1.80 |
| 2008 | $600 - $620 | $2.05 - $2.25 | same as GAAP |

**On a quarterly basis, we expect to incur approximately $3.7 million, or $0.08 per share, of compensation expense associated with FAS 123R in 2007 and 2008. This non-cash compensation expense is included in both the GAAP and adjusted earnings per share guidance for 2007 and 2008 provided above.**

**We have scheduled a conference call for 9:00 am EST today, May 9, 2007, to discuss the financial results for the first quarter of 2007 and forward-looking financial guidance. The call is open to all listeners and will be followed by a question and answer session. Access to the live call is available by dialing (913) 312-6687 or through a listen-only webcast via a link provided on the Investor Relations homepage of Integra's website at www.Integra-LS.com. A replay of the conference call will be accessible starting one hour following the live event. Access to the replay is available through May 23, 2007 by dialing (719) 457-0820 (access code 7954405) or through the webcast accessible on our home page.**

**Integra LifeSciences Holdings Corporation, a world leader in regenerative medicine, is dedicated to improving the quality of life for patients through the development, manufacturing, and marketing of cost-effective surgical implants and medical instruments. Our products, used primarily in neurosurgery, extremity reconstruction, orthopedics and general surgery, are used to treat millions of patients every year. Integra's headquarters are in Plainsboro, New Jersey, and we have research and manufacturing facilities throughout the world. Please visit our website at (http://www.Integra-LS.com).**

**This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements concerning future financial performance, including projections for revenues, GAAP and adjusted net income, GAAP and adjusted earnings per diluted share, acquisition and integration related costs and non-cash compensation expense associated with FAS 123R. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Among other things, our ability to maintain relationships with customers of acquired entities, physicians' willingness to adopt our recently launched and planned products, third-party payors' willingness to provide reimbursement for these products, initiatives launched by our competitors, our ability to secure regulatory approval for products in development and our ability to comply with recently enacted regulations regarding products containing materials derived from animal sources may adversely affect our future product revenues; the timing of and our ability to integrate acquired businesses, increase product sales and gross margins, and control non-product costs may affect our net income and earnings per share; the amount and timing of acquisition and integration related costs; and the timing and amount of share-based awards granted to employees may affect the amount of non-cash compensation expense associated with FAS 123R. In addition, the economic, competitive, governmental, technological and other factors identified under the heading "Risk Factors" included in the Business section of Integra's Annual Report on Form 10-K for the year ended December 31, 2006 and information contained in subsequent filings with the Securities and Exchange Commission could affect actual results.**

**Discussion of Adjusted Financial Measures**

**Adjusted net income consists of net income excluding acquisition-related charges, facility consolidation, manufacturing transfer and system integration charges, certain employee termination and related costs, charges associated with discontinued or withdrawn product lines, and income tax expense/benefit related to these adjustments. Adjusted earnings per diluted share are calculated by dividing adjusted net income for diluted earnings per share by diluted weighted average shares outstanding.**

**Integra believes that the presentation of adjusted net income and adjusted earnings per diluted share provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. For further information regarding why Integra believes that these non-GAAP financial measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the Company's Current Report on Form 8-K regarding this earnings press release filed today with the Securities and Exchange Commission. This Current Report on Form 8-K is available on the SEC's website at www.sec.gov or on our website at www.Integra-LS.com.**

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)

| | Three Months Ended March 31, 2007 | Three Months Ended March 31, 2006 |
|---|---|---|
| TOTAL REVENUE | $ 123,032 | $ 77,135 |
| COSTS AND EXPENSES | | |
| Cost of product revenues | 48,577 | 27,937 |
| Research and development | 6,060 | 3,173 |
| Selling, general and administrative | 49,105 | 31,120 |
| Intangible asset amortization | 2,787 | 1,281 |
| Total costs and expenses | 106,529 | 63,511 |
| Operating income | 16,503 | 13,624 |
| Interest income | 223 | 1,024 |
| Interest expense | (2,759) | (1,682) |
| Other income (expense), net | (208) | 32 |
| Income before income taxes | 13,759 | 12,998 |
| Income tax expense | 4,685 | 4,293 |
| Net income | 9,074 | $ 8,705 |
| Add back of after tax interest expense | 3 | 813 |
| Net income for diluted earnings per share | $ 9,077 | $ 9,518 |
| Diluted net income per share | $ 0.30 | $ 0.28 |
| Weighted average common shares outstanding for diluted net income per share | 29,965 | 33,828 |

Listed below are the items included in net income that management excludes in computing the adjusted financial measures referred to in the text of this press release and further described under Discussion of Adjusted Financial Measures.

(In thousands)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2007 | 2006 |
| Acquisition-related charges | — | 464 |
| Facility consolidation, manufacturing transfer and system integration charges | 499 | 518 |
| Employee termination and related costs | 123 | 213 |
| Charges associated with discontinued or withdrawn product lines | 500 | — |
| Income tax expense (benefit) related to above adjustments | (380) | (309) |

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS — HISTORICAL
(UNAUDITED)

(In thousands, except per share amounts)

| | Three Months Ended March 31, 2007 | Three Months Ended March 31, 2006 |
|---|---|---|
| GAAP net income | $ 9,074 | $ 8,705 |
| Non-GAAP adjustments: | | |
| Acquisition-related charges | — | 464 |
| Facility consolidation, manufacturing transfer and system integration charges | 499 | 518 |
| Employee termination and related costs | 123 | 213 |
| Charges associated with discontinued or withdrawn product lines | 500 | — |
| Income tax expense (benefit) related to above adjustments | (380) | (309) |
| Total of non-GAAP adjustments | 742 | 886 |
| Adjusted net income | 9,816 | 9,591 |
| Add back of after tax interest expense | 3 | 813 |
| Adjusted net income for diluted earnings per share | 9,819 | 10,404 |
| Weighted average common shares outstanding for diluted net income per share | 29,965 | 33,828 |
| Adjusted diluted net income per share | $ 0.33 | $ 0.31 |

Condensed Balance Sheet Data (in thousands):

| | March 31, 2007 | December 31, 2006 |
|---|---|---|
| Cash and marketable securities, including non-current portion | $ 29,329 | $ 22,697 |
| Accounts receivable, net | 85,884 | 85,018 |
| Inventory, net | 95,591 | 94,387 |
| Bank line of credit | 100,000 | 100,000 |
| Convertible Securities | 120,000 | 119,542 |
| Long term debt | — | 508 |
| Stockholders’ equity | 305,546 | 296,162 |

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS — GUIDANCE

(In thousands, except per share amounts)

| | Projected Three Months Ended June 30, 2007 | | Projected Three Months Ended September 30, 2007 | |
|---|---|---|---|---|
| | Low | High | Low | High |
| GAAP net income | $ 9,790 | $ 10,511 | $ 13,410 | $ 14,490 |
| Non-GAAP adjustments: | | | | |
| Acquisition-related charges | 250 | 250 | 500 | 500 |
| Facility consolidation, manufacturing transfer and system integration charges | 250 | 250 | 250 | 250 |
| Income tax expense (benefit) related to above adjustments | (170) | (170) | (255) | (255) |
| Total of non-GAAP adjustments | 330 | 330 | 495 | 495 |
| Adjusted net income | $ 10,120 | $ 10,841 | $ 13,905 | $ 14,985 |
| Weighted average common shares outstanding for diluted net income per share | 30,119 | 30,119 | 30,294 | 30,294 |
| GAAP diluted net income per share | $ 0.33 | $ 0.35 | $ 0.44 | $ 0.48 |
| Non-GAAP adjustments detailed above (per share) | 0.01 | 0.01 | 0.02 | 0.01 |
| Adjusted diluted net income per share | $ 0.34 | $ 0.36 | $ 0.46 | $ 0.49 |

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS — GUIDANCE

(In thousands, except per share amounts)

| | Projected Three Months Ended December 31, 2007 | | Projected Year Ended December 31, 2007 | |
|---|---|---|---|---|
| | Low | High | Low | High |
| GAAP net income | $ 17,112 | $ 18,256 | $ 49,386 | $ 52,331 |
| Non-GAAP adjustments: | | | | |
| Acquisition-related charges | 500 | 500 | 1,250 | 1,250 |
| Facility consolidation, manufacturing transfer and system integration charges | 250 | 250 | 1,249 | 1,249 |
| Employee termination and related costs | — | — | 123 | 123 |
| Charges associated with discontinued/withdrawn product lines | — | — | 500 | 500 |
| Income tax expense (benefit) related to above adjustments | (255) | (255) | (1,060) | (1,060) |
| Total of non-GAAP adjustments | 495 | 495 | 2,062 | 2,062 |
| Adjusted net income | 17,607 | 18,751 | 51,448 | 54,393 |
| Add back of after tax interest expense | — | — | 3 | 3 |
| Adjusted net income for diluted earnings per share | $ 17,607 | $ 18,751 | $ 51,451 | $ 54,396 |
| Weighted average common shares outstanding for diluted net income per share | 30,560 | 30,560 | 30,235 | 30,235 |
| GAAP diluted net income per share | $ 0.56 | $ 0.60 | $ 1.63 | $ 1.73 |
| Non-GAAP adjustments detailed above (per share) | 0.02 | 0.01 | 0.07 | 0.07 |
| Adjusted diluted net income per share | $ 0.58 | $ 0.61 | $ 1.70 | $ 1.80 |

*Source: Integra LifeSciences Holdings Corporation*