

**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): October 28, 2013

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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- 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 October 28, 2013, Integra LifeSciences Holdings Corporation (the “Company”) issued a press release announcing financial results for the quarter ended September 30, 2013 (the “Press Release”). 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. In the financial statements portion of the Press Release, the Company has included a reconciliation of GAAP revenues to adjusted revenues for the quarter ended September 30, 2013, and GAAP net (loss)/income to adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) and adjusted EBITDA excluding stock-based compensation, GAAP net (loss)/income to adjusted net income, and GAAP (losses)/earnings per diluted share to adjusted earnings per diluted share used by management for the periods ended September 30, 2013 and 2012 as well as GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share used by management for guidance for the year ending December 31, 2013. In addition, the Company included a supplemental disclosure of revenue by reporting segments in the financial statements portion of the Press Release.

The information contained in Item 2.02 of this Current Report on Form 8-K (including the Press Release and selected historical financial information) 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 and selected historical financial information) 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 revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share. Adjusted revenues consist of growth in total revenues excluding the effects of currency exchange rates on the current period's revenues and the contribution of revenues from discontinued products in both the current and prior periods' revenues. The various measures of adjusted EBITDA consist of GAAP net (loss)/income, excluding: (i) depreciation and amortization, (ii) other income (expense), (iii) interest income and expense, (iv) income taxes, (v) those operating expenses also excluded from adjusted net income and, as appropriate (vi) stock-based compensation expense. The measure of adjusted net income consists of GAAP net (loss)/income, excluding: (i) manufacturing facility remediation costs; (ii) global enterprise resource planning (“ERP”) implementation charges; (iii) facility optimization charges; (iv) certain employee termination charges; (v) discontinued product lines charges; (vi) acquisition-related charges; (vii) certain expenses associated with product recalls; (viii) convertible debt non-cash interest; (ix) goodwill impairment charge; (x) intangible asset amortization expense; and (xi) income tax impact from adjustments and other items. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. Because the Company reported a GAAP net loss in the three and nine months ended September 30, 2013, the calculation of GAAP diluted weighted average shares outstanding for the third quarter and year to date 2013 periods excludes the effects of stock options and unvested restricted stock, as the effect of these equity awards would be anti-dilutive. The Company included the dilutive effects of these equity awards in the calculation of adjusted diluted weighted average shares outstanding used to calculate adjusted earnings per diluted share for the third quarter and year to date 2013 periods because their effects are dilutive in relation to adjusted net income.

The Company believes that the presentation of adjusted revenues and the various adjusted EBITDA, adjusted net income and adjusted earnings per diluted share measures 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 revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, 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, integration, and restructuring activities, for which the amounts are non-cash in nature, or for which the amounts are not expected to recur at the same magnitude as we implement certain tax planning strategies, 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.

Adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, 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.

The measure of adjusted revenues that we report reflects the reduction in total revenues for the quarter ended September 30, 2013 adjusted for the effects of currency exchange rates on current period revenues. We provide this measure because changes in foreign currency exchange rates can distort our revenue reduction favorably or unfavorably, depending upon the strength of the U.S. dollar in relation to the various foreign currencies in which we generate revenues. We generate significant revenues outside the United States in multiple foreign currencies including euros, British pounds, Swiss francs and Australian and Canadian dollars. We believe this measure provides useful information to determine the success of our international selling organizations in increasing sales of products in their local currencies without regard to fluctuations in currency exchanges rates, which we have no control over.

The measure of adjusted net income reflects GAAP net income adjusted for one or more of the following items, as applicable:

- Manufacturing facility remediation costs. These costs represent expenses associated with remediation and related unplanned idle time and underutilization at the Plainsboro, NJ and Añasco, Puerto Rico manufacturing facilities. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature and the magnitude of this item.
- Global ERP implementation charges. Systems implementation charges consist of the non-capitalizable portion of internal labor and outside consulting costs related to the implementation of a global ERP system. We have inherited many diverse business processes and different information systems through our numerous acquisitions. Accordingly, we are undertaking this initiative in order to standardize business processes globally and to better integrate all of our existing and acquired operations using one information system. Although recurring in nature given the expected timeframe to complete the implementation for our existing operations and our expectation to continue to acquire new businesses and operations, management excludes these charges 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 implementation activities. In addition, with the global ERP project continuing the application development phase and entering the testing phase, more costs of the project will be capitalized and, therefore, are not comparable to earlier periods.
- Facility optimization charges. These charges, which include employee termination and other costs associated with exit or disposal activities, costs related to acquisition integration, costs related to transferring manufacturing and/or distribution activities to different locations, result from rationalizing and enhancing our existing manufacturing, distribution and administrative infrastructure. Some 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.

- Certain employee termination charges. Certain employee termination and related charges consist of charges related to senior management level terminations and certain significant reductions in force that are not initiated in connection with facility consolidations or manufacturing or distribution transfers. Management excludes these items when evaluating the Company's operating performance because these amounts do not affect our core operations and because of the infrequent and/or large scale nature of these activities.
- Discontinued product lines charges. These charges represent charges taken in connection with product lines that the Company discontinues. Management excludes this item when evaluating the Company's operating performance because discontinued products do not provide useful information regarding the Company's prospects for future performance.
- Acquisition-related charges. Acquisition-related charges include up-front fees and milestone payments that are expensed as incurred in connection with acquiring licenses or rights to technology for which no product has been approved for sale by regulatory authorities and such approval is not reasonably assured at the time such up-front fees or milestone payments are made, and in-process research and development charges when accounting rules require them to be expensed, inventory fair value purchase accounting adjustments, and legal, accounting and other outside consultants expenses directly related to acquisitions. 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 development and acquisition programs, these acquisition and in-licensing related charges are not factored into the evaluation of our performance by management after completion of development programs or 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 development and acquisition transactions as well as the level of inventory on hand at the time of acquisition.
- Certain expenses associated with product recalls. These costs represent expenses associated with a voluntary recall of certain products manufactured in the Añasco, Puerto Rico facility between December 2010 and May 2011 and between November 2012 and March 2013. Management excludes these items when evaluating the Company's operating performance because of the infrequent and/or large scale nature of these activities.
- Convertible debt non-cash interest. The convertible debt accounting requires separate accounting for the liability and equity components of the Company's convertible debt instruments, which may be settled in cash upon conversion, in a manner that reflects an applicable nonconvertible debt borrowing rate at the time that we issued such convertible debt instruments. Management excludes this item when evaluating the Company's operating performance because of the non-cash nature of the expense.
- Goodwill impairment charge. This represents an impairment charge recorded against goodwill related to the Company's U.S. Spine reporting unit. Goodwill impairment exists when the reporting unit's goodwill exceeds its implied value. The decrease in the reporting unit's implied fair value resulted primarily from declining financial performance caused by broader market issues as well as company specific issues. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this activity.
- Intangible asset amortization expense. Management excludes this item when evaluating the Company's operating performance because it is a non-cash expense.
- Income tax impact from adjustments and other items. Estimated impact on income tax expense related to the following:
 - (i) Adjustments to income tax expense for the amount of additional tax expense 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, based on the statutory rate applicable to jurisdictions in which the above non-GAAP adjustments relate.
 - (ii) Adjustments to income tax expense in the current quarter for the cumulative impact in that quarter of changes in income tax rates (statutory and estimated effective tax rates) and certain other infrequently occurring items that relate to prior periods. Management excludes these items when evaluating the Company's current quarter operating performance because the cumulative impact in

the current quarter of these items applies to prior periods and thus distorts the Company's adjusted income tax rate in the current quarter. The year-to-date adjusted net income and adjusted diluted earnings per share measures are not adjusted by these items, as the cumulative impact is properly reflected in the year-to-date adjusted results.

Adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, 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 revenues, 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 the Company's results as reported under GAAP. The Company expects to continue to acquire businesses and product lines and to incur expenses of a nature similar to many of the non-GAAP adjustments described above, and exclusion of these items from its adjusted financial measures should not be construed as an inference that all of these revenue adjustments or costs are unusual, infrequent or non-recurring. Some of the limitations in relying on the adjusted financial measures are:

- The Company 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.
- The Company has initiated a long term effort to implement a global ERP system, and we expect to continue to incur significant systems implementation charges until that effort is completed. These costs can directly impact the amount of the Company's available funds and reduce GAAP net income.
- All of the adjustments to GAAP net income have been tax affected at the Company'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 net income.

In the financial tables portion of the Press Release, the Company has included a reconciliation of GAAP reported revenues to adjusted revenues for the quarter ended September 30, 2013 and GAAP net (loss)/income to adjusted EBITDA and adjusted EBITDA excluding stock-based compensation, GAAP net (loss)/income to adjusted net income, and GAAP (losses)/earnings per diluted share to adjusted earnings per diluted share used by management for the periods ended September 30, 2013 and 2012. Also included are reconciliations for future periods.

ITEM 7.01 REGULATION FD DISCLOSURE

Attached as Exhibit 99.1, and incorporated into this Item 7.01 by reference, is the Press Release issued on October 28, 2013 by the Company.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 Press release with attachments, dated October 28, 2013, issued by Integra LifeSciences Holdings Corporation

SIGNATURES

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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

Date: October 28, 2013

By: /s/ John B. Henneman, III

John B. Henneman, III

Title: Corporate Vice President, Finance and Administration, and
Chief Financial Officer

Exhibit Index

Exhibit No.

Description

99.1

Press Release with attachments, dated October 28, 2013, issued by Integra LifeSciences Holdings Corporation

News Release

Contacts:

Integra LifeSciences Holdings Corporation

John B. Henneman, III

Corporate Vice President,

Finance and Administration,

and Chief Financial Officer

(609) 275-0500

Investor Relations:

Angela Steinway

(609) 936-2268

angela.steinway@integralife.com

Integra LifeSciences Reports Third Quarter 2013 Financial Results

Revenue In Line with Guidance

Cash Flows from Operations of \$31 Million

Plainsboro, New Jersey / October 28, 2013 / -- [Integra LifeSciences Holdings Corporation](#) (NASDAQ: IART) today reported its financial results for the third quarter ending September 30, 2013. Total revenues for the third quarter were \$213.2 million, reflecting an increase of \$3.2 million over the third quarter of 2012. Currency exchange rates had a negligible effect on revenues.

"We have made significant progress on our objectives over the past several months," said Peter Arduini, Integra's President and Chief Executive Officer. "Today, we announced a definitive agreement to acquire strategic product lines for our neurosurgery business, and last week, we announced our plans to consolidate two of our manufacturing facilities and expand our product rationalization efforts, which bring us closer to achieving our growth and optimization goals. In addition, our supply chain and operations team executed very well, exceeding their regenerative medicine supply objectives, and our overall business delivered third quarter results within our guidance range."

The Company recorded a pre-tax non-cash charge for goodwill impairment of \$46.7 million related to the Company's U.S. Spine reporting unit, within the U.S. Spine and Other reportable segment, during the third quarter. The Company conducts annual impairment tests during the third quarter. A number of factors have resulted in a change in the outlook for the spine market in the U.S., including pressure from payers on utilization of certain types of procedures and on reimbursement rates and prices generally. The change in outlook for the market, together with ongoing Company-specific challenges related to the U.S. Spine reporting unit, contributed to the decrease in the implied fair value of the unit compared with prior year.

The Company reported GAAP net loss of \$(28.6) million, or \$(1.02) per diluted share, for the third quarter of 2013, compared to GAAP net income of \$13.2 million, or \$0.46 per diluted share, for the third quarter of 2012.

Adjusted net income for the third quarter of 2013, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$20.4 million, or \$0.72 per diluted share, compared to adjusted net income of \$24.6 million, or \$0.85 per diluted share, in the third quarter of 2012.

Integra generated \$30.8 million in cash flows from operations and invested \$13.2 million in capital expenditures during the quarter.

Adjusted EBITDA for the third quarter of 2013, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$38.0 million, compared to \$46.0 million achieved in the third quarter last year. Adjusted EBITDA excluding stock-based compensation for the third quarter of 2013, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$40.8 million, compared to \$48.3 million achieved in the third quarter last year.

Outlook for 2013

The Company expects full year 2013 revenues of \$838 million to \$843 million. The Company is revising its expectations for GAAP earnings per diluted share for the full year to be between \$(0.56) and \$(0.46) and for adjusted earnings per diluted share to be between \$2.50 and \$2.60.

"We are tightening our revenue guidance to the bottom end of our previous range, primarily reflecting softness in key private label products and weakness in our spine business," said Jack Henneman, Integra's Chief Financial Officer. "We have, however, kept a tight control on expenses, and are narrowing our guidance for adjusted earnings per share around our previous midpoint. We are pleased with the strong cash flows the business generated during the quarter."

In accordance with our usual practice, expectations for financial performance do not include the impact of acquisitions or other strategic corporate transactions that have not yet closed.

In the future, the Company may record, or expects to record, certain additional revenues, gains, expenses or charges as described in the Discussion of Adjusted Financial Measures below that it will exclude in the calculation of adjusted EBITDA and adjusted earnings per share for historical periods and in providing adjusted earnings per share guidance.

Conference Call

Integra has scheduled a conference call for 4:30 PM ET today, Monday, October 28, 2013 to discuss financial results for the third quarter and forward-looking financial guidance. The conference call will be hosted by Integra's senior management team and will be open to all listeners. Additional forward-looking information may be discussed in a question and answer session following the call.

Access to the live call is available by dialing 913-312-1396 and using the passcode 3221650. The call can also be accessed through a webcast via a link provided on the Investor Relations homepage of Integra's website at investor.integralife.com. Access to the replay is available through November 15, 2013 by dialing 719-457-0820 and using the passcode 3221650. The webcast will also be archived on the website.

Integra LifeSciences, a world leader in medical technology, is dedicated to limiting uncertainty for surgeons, so they can concentrate on providing the best patient care. Integra offers innovative solutions in orthopedic extremity surgery, neurosurgery, spine surgery, and reconstructive and general surgery. For more information, please visit www.integralife.com

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and reflect the Company's judgment as of the date of this release. Forward-looking statements include, but are not limited to, statements concerning future financial

performance, including projections for revenues, GAAP and adjusted net (loss)/income, GAAP and adjusted (loss)/earnings per diluted share, non-GAAP adjustments such as global enterprise resource planning (“ERP”) system implementation charges, certain expenses associated with product recalls, acquisition-related charges, goodwill impairment charges, non-cash amortization of imputed interest for convertible debt, intangible asset amortization, and income tax expense (benefit) related to non-GAAP adjustments. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Such risks and uncertainties include, but are not limited to: the Company's ability to execute its operating plan effectively, the Company's ability to manufacture and ship sufficient quantities of its products to meet its customers' demand; global macroeconomic conditions; continued weakness in sales outside of the U.S.; the Company's ability to manage its direct sales channels effectively; the Company's ability to maintain relationships with customers of acquired entities; physicians' willingness to adopt and third-party payors' willingness to provide reimbursement for the Company's recently launched and planned products; initiatives launched by the Company's competitors; downward pricing pressures for customers; the Company's ability to secure regulatory approval for products in development; the Company's ability to remediate quality systems violations; fluctuations in hospital spending for capital equipment; the Company's ability to comply with and obtain approvals for products of human origin and comply with recently enacted regulations regarding products containing materials derived from animal sources; difficulties in controlling expenses, including costs to procure and manufacture our products; the impact of changes in management or staff levels; the Company's ability to integrate acquired businesses; the impact of goodwill and intangible asset impairment charges if future operating results of acquired businesses are significantly less than the results anticipated at the time of the acquisitions, the Company's ability to leverage its existing selling organizations and administrative infrastructure; the Company's ability to increase product sales and gross margins, and control non-product costs; the amount and timing of acquisition and integration related costs; the geographic distribution of where the Company generates its taxable income; the effect of legislation effecting healthcare reform in the United States and internationally; fluctuations in foreign currency exchange rates; the amount of our convertible notes and bank borrowings outstanding and other factors influencing liquidity; and the economic, competitive, governmental, technological and other risk factors and uncertainties identified under the heading “Risk Factors” included in Item 1A of Integra's Annual Report on Form 10-K for the year ended December 31, 2012 and information contained in subsequent filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide adjusted revenues, adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”), adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share. Adjusted revenues consist of growth in total revenues excluding the effects of currency exchange rates on the current period's revenues and the contribution of revenues from discontinued products in both the current and prior periods' revenues. The various measures of adjusted EBITDA consist of GAAP net (loss)/income, excluding: (i) depreciation and amortization, (ii) other income (expense), (iii) interest income and expense, (iv) income taxes, (v) those operating expenses also excluded from adjusted net income and, as appropriate (vi) stock-based compensation expense. The measure of adjusted net income consists of GAAP net (loss)/income, excluding: (i) manufacturing facility remediation costs; (ii) global ERP implementation charges; (iii) facility optimization charges; (iv) certain employee termination charges; (v) discontinued product lines charges; (vi) acquisition-related charges; (vii) certain expenses associated with product recalls; (viii) convertible debt non-cash interest; (ix) goodwill impairment charge; (x) intangible asset amortization expense; and (xi) income tax impact from adjustments and other items. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. Because the Company reported a GAAP net loss in the three and nine months ended September 30, 2013, the calculation of GAAP diluted weighted average shares outstanding for the third quarter and year to date 2013 periods exclude the effects of stock options and unvested restricted stock, as the effect of these equity awards would be anti-dilutive. The Company included the dilutive effects of these equity awards in the calculation of adjusted diluted weighted average shares outstanding used to calculate adjusted earnings per diluted share for the third quarter and year to date 2013 periods because their effects are dilutive in relation to adjusted net income.

Reconciliations of GAAP revenues to adjusted revenues for the quarter ended September 30, 2013 and GAAP net (loss)/income to adjusted EBITDA, adjusted EBITDA excluding stock-based compensation and adjusted net income, and GAAP (losses)/earnings per diluted share to adjusted earnings per diluted share for the periods ended September 30, 2013 and 2012 appear in the financial tables in this release.

Integra believes that the presentation of adjusted revenues and the various adjusted EBITDA, adjusted net income, and adjusted earnings per diluted share measures 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.integralife.com.

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

(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2013	2012
Total revenues	\$ 213,246	\$ 210,084
Costs and expenses:		
Cost of goods sold	84,101	79,548
Research and development	13,052	13,105
Selling, general and administrative	95,933	93,077
Intangible asset amortization	3,036	4,618
Goodwill impairment charge	46,738	—
Total costs and expenses	242,860	190,348
Operating (loss) income	(29,614)	19,736
Interest income	38	100
Interest expense	(5,316)	(5,549)
Other income (expense), net	(263)	(31)
Income (loss) before income taxes	(35,155)	14,256
Income tax (benefit)/expense	(6,605)	1,045
Net (loss) income	\$ (28,550)	\$ 13,211
Diluted net (loss) income per share	\$ (1.02)	\$ 0.46
Weighted average common shares outstanding for diluted net (loss)/income per share	27,896	28,777

Segment revenues and growth in total revenues excluding the effects of currency exchange rates are as follows:

(In thousands)

	Three Months Ended September 30,		
	2013	2012	Change
U.S. Neurosurgery	\$45,114	\$43,269	4%
U.S. Instruments	41,798	41,469	1%
U.S. Extremities	33,541	32,961	2%
U.S. Spine & Other	46,904	49,188	(5)%
International*	45,889	43,197	6%
Total Revenue	\$213,246	\$210,084	2%
Impact of changes in currency exchange rates	\$119	—	
Total revenues excluding the effects of currency exchange rates	\$213,365	\$210,084	2%
Total Revenue	\$213,246	\$210,084	2%
Contribution of revenues from discontinued products	3,937	4,966	(21)%
Total revenues excluding the contribution of revenues from discontinued products	\$209,309	\$205,118	2%

*The International segment revenues reflect sales that are actively managed by our International division. This does not constitute all recorded sales outside the U.S., as some Instrument sales and private label (included in U.S. Spine & Other) product sales in those regions are managed by their respective U.S. divisions.

Items included in GAAP net (loss)/income and location where each item is recorded are as follows:

(In thousands)

Three Months Ended September 30, 2013

Item	Total Amount	COGS(a)	SG&A(b)	Amort.(c)	Goodwill (d)	Interest Exp(Inc)(e)	Tax(f)
Manufacturing facility remediation costs	\$2,761	\$2,761	\$—	\$—	\$—	\$—	\$—
Global ERP implementation charges	4,950	—	4,950	—	—	—	—
Facility optimization charges	1,360	1,141	219	—	—	—	—
Acquisition-related charges	319	118	201	—	—	—	—
Certain employee termination charges	30	30	—	—	—	—	—
Intangible asset amortization expense	4,715	1,679	—	3,036	—	—	—
Goodwill impairment charge	46,738	—	—	—	46,738	—	—
Convertible debt non-cash interest	1,633	—	—	—	—	1,633	—
Estimated income tax impact from adjustments and other items	(13,578)	—	—	—	—	—	(13,578)
Depreciation expense*	6,730						
Stock-based compensation expense	2,831						

*For the period ending September 30, 2013, “Depreciation expense” excludes \$225 already included in “Facility optimization charges” above.

- a) COGS - Cost of goods sold
- b) SG&A - Selling, general and administrative
- c) Amort. - Intangible asset amortization
- d) Goodwill - Goodwill impairment charge
- e) Interest (Inc)Exp - Interest (income) expense, net
- f) Tax - Income tax expense

Three Months Ended September 30, 2012

(In thousands)

Item	Total Amount	COGS (a)	SG&A (b)	Amort. (c)	Interest Exp(Inc) (d)	Tax (e)
Manufacturing facility remediation costs	\$3,788	\$3,788	\$—	\$—	\$—	\$—
Global ERP implementation charges	4,821	—	4,821	—	—	—
Facility optimization charges	2,861	755	2,106	—	—	—
Acquisition-related charges	602	602	—	—	—	—
Certain employee termination charges	638	293	345	—	—	—
Discontinued product line charges	223	223	—	—	—	—
Intangible asset amortization expense	6,197	1,579	—	4,618	—	—
Convertible debt non-cash interest	1,787	—	—	—	1,787	—
Estimated income tax impact from adjustments and other items	(9,569)	—	—	—	—	(9,569)
Depreciation expense	7,117	—	—	—	—	—
Stock-based compensation expense	2,276	—	—	—	—	—

- a) COGS - Cost of goods sold
- b) SG&A - Selling, general and administrative
- c) Amort. - Intangible asset amortization
- d) Interest (Inc)Exp - Interest (income) expense, net
- e) Tax - Income tax expense

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET (LOSS)/INCOME TO ADJUSTED EBITDA AND ADJUSTED EBITDA
EXCLUDING STOCK-BASED COMPENSATION
(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2013	2012
GAAP net income	\$ (28,550)	\$ 13,211
Non-GAAP adjustments:		
Depreciation and intangible asset amortization expense	11,445	13,314
Other (income) expense, net	263	31
Interest (income) expense, net	5,278	5,449
Income tax expense (benefit)	(6,605)	1,045
Manufacturing facility remediation costs	2,761	3,788
Global ERP implementation charges	4,950	4,821
Facility optimization charges	1,360	2,861
Certain employee termination charges	30	638
Discontinued product line charges	—	223
Acquisition-related charges	319	602
Goodwill impairment charges	46,738	—
	66,539	32,772
Total of non-GAAP adjustments		
Adjusted EBITDA	\$ 37,989	\$ 45,983
Stock-based compensation	2,831	2,276
Adjusted EBITDA excluding stock-based compensation	\$ 40,820	\$ 48,259

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET (LOSS)/INCOME TO MEASURES OF ADJUSTED NET INCOME AND
ADJUSTED EARNINGS PER SHARE
(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2013	2012
GAAP net (loss)/income	\$ (28,550)	\$ 13,211
Non-GAAP adjustments:		
Manufacturing facility remediation costs	2,761	3,788
Global ERP implementation charges	4,950	4,821
Facility optimization charges	1,360	2,861
Certain employee termination charges	30	638
Discontinued product line charges	—	223
Acquisition-related charges	319	602
Intangible asset amortization expense	4,715	6,197
Goodwill impairment charges	46,738	—
Convertible debt non-cash interest	1,633	1,787
Estimated income tax impact from adjustments and other items	(13,578)	(9,569)
	<hr/>	<hr/>
Total of non-GAAP adjustments	48,928	11,348
Adjusted net income	<hr/> \$ 20,378	<hr/> \$ 24,559
	<hr/>	<hr/>
Adjusted diluted net income per share	\$0.72	\$0.85
Weighted average common shares outstanding for diluted net (loss)/income per share	<hr/> 27,896	<hr/> 28,777
	<hr/>	<hr/>
Non-GAAP adjustment for dilutive effects of equity awards	340	—
	<hr/>	<hr/>
Weighted average common shares outstanding for adjusted diluted net income per share	28,236	28,777

CONDENSED BALANCE SHEET DATA
(UNAUDITED)

(In thousands)

	September 30, 2013	December 31, 2012
Cash and cash equivalents	\$ 118,868	\$ 96,938
Accounts receivable, net	113,538	114,916
Inventory, net	207,389	171,806
Bank line of credit	341,875	321,875
Convertible securities	203,265	197,672
Stockholders' equity	499,477	517,775

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

(In thousands, except per share amounts)

	Recorded Year to Date September 30, 2013	Projected Year Ended December 31, 2013	
		Low	High
GAAP net (loss)/income	\$ (29,160)	\$ (15,632)	\$ (12,732)
Non-GAAP adjustments:			
Manufacturing facility remediation costs	7,849	8,520	8,520
Certain expenses associated with product recalls	1,444	1,444	1,444
Global ERP implementation charges	18,715	24,290	24,290
Facility optimization charges	7,030	10,500	10,500
Acquisition-related charges	993	1,240	1,240
Certain employee termination charges	30	30	30
Intangible asset amortization expense	14,669	19,380	19,380
Goodwill impairment charges	46,738	46,738	46,738
Convertible debt non-cash interest	4,865	6,490	6,490
Estimated income tax impact from adjustments and other items	(25,179)	(32,500)	(32,500)
Total of non-GAAP adjustments	77,154	86,132	86,132
Adjusted net income	\$ 47,994	\$ 70,500	\$ 73,400
GAAP diluted net (loss)/income per share	\$(1.05)	\$(0.56)	\$(0.46)
Non-GAAP adjustments detailed above (per share)	\$2.75	\$3.06	\$3.06
Adjusted diluted net income per share	\$1.70	\$2.50	\$2.60
Weighted average common shares outstanding for diluted net (loss) per share	27,855	27,900	27,900
Non-GAAP adjustment for dilutive effects of equity awards	345	300	300
Weighted average common shares outstanding for adjusted diluted net income per share	28,200	28,200	28,200

Items included in GAAP net income guidance and location where each item is expected to be recorded is as follows:

(In thousands)

Projected Year Ended December 31, 2013

Item	Total Amount	COGS	SG&A	Amort.	Goodwill	Interest Exp(Inc)	Tax
Manufacturing facility remediation costs	\$8,520	\$8,240	\$280	\$—	\$—	\$—	\$—
Certain expenses associated with product recalls	1,444	1,279	165	—	—	—	—
Global ERP implementation charges	24,290	—	24,290	—	—	—	—
Facility optimization charges	10,500	6,790	3,710	—	—	—	—
Acquisition-related charges	1,240	970	270	—	—	—	—
Certain employee termination charges	30	30	—	—	—	—	—
Intangible asset amortization expense	19,380	6,680	—	12,700	—	—	—
Goodwill impairment charges	46,738	—	—	—	46,738	—	—
Convertible debt non-cash interest	6,490	—	—	—	—	6,490	—
Estimated income tax impact from adjustments and other items	(32,500)	—	—	—	—	—	(32,500)

Source: Integra LifeSciences Holdings Corporation