

---

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): August 6, 2009

**INTEGRA LIFESCIENCES HOLDINGS CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**0-26224**

(Commission File Number)

**51-0317849**

(IRS Employer Identification No.)

**311 Enterprise Drive  
Plainsboro, NJ**

(Address of principal executive offices)

**08536**

(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 August 6, 2009, Integra LifeSciences Holdings Corporation (the “Company”) issued a press release announcing financial results for the quarter ended June 30, 2009 and updated revenues and GAAP and adjusted earnings per share guidance for the year ended December 31, 2009 (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 tables portion of the Press Release, the Company has included a reconciliation of GAAP revenues to adjusted revenues for the quarter ended June 30, 2009 and GAAP net income to adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) and adjusted EBITDA excluding stock-based compensation, 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 June 30, 2009 and 2008, 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 ended December 31, 2009.

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 revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share. Adjusted revenues consists of growth in total revenues excluding the effects of currency exchange rates. Adjusted EBITDA consists of net income, excluding (i) income taxes, (ii) other income (expense), net, (iii) depreciation and amortization, (iv) interest income and expense, and (v) those operating expenses also excluded from adjusted net income. Adjusted net income consists of net income, excluding (i) acquisition-related charges, (ii) facility consolidation, manufacturing and distribution transfer and system integration charges, (iii) certain employee termination and related costs, (iv) charges associated with discontinued or withdrawn product lines, (v) charges related to restructuring our European subsidiaries, (vi) charges related to litigation matters or disputes, (vii) intangible asset impairment charges, (viii) incremental professional and bank fees related to (a) the delayed filing of financial statements and (b) waivers or possibility of obtaining waivers under our revolving credit facility, (ix) charges recorded in connection with terminating defined benefit pension plans, (x) charges relating to the grant of restricted stock units in connection with the extension of the term of the CEO’s employment agreement, (xi) loss/gain related to the early extinguishment of convertible notes; (xii) non-cash interest expense related to the application of Financial Accounting Standards Board Staff Position No. APB 14-1, “Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (including Partial Cash Settlement)” (“FSP APB 14-1”), (xiii) the income tax expense/benefit related to these adjustments, (xiv) quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items and (xv) income tax expenses or gains related to restructuring our European subsidiaries. Adjusted net income attributable to diluted shares is calculated by multiplying adjusted net income by the diluted share percentage shown in Note 9 of the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009. Adjusted earnings per diluted share are calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding.

The Company believes that the presentation of adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, 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 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 represent significant non-cash expenses resulting from changes in accounting principles, or for which the amounts are not expected to recur at the same magnitude as we further build out our finance department and 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 growth in total revenues for the quarter ended June 30, 2009 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 growth 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, Canadian dollars, Japanese yen and Australian 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, for which we have no control over.

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, inventory fair value purchase accounting adjustments, and impairments to existing intangible assets in connection with a subsequent acquisition. 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 and distribution transfer, and system integration charges. These charges, which include employee termination and other costs associated with exit or disposal activities, costs related to transferring manufacturing and/or distribution activities to different locations, and costs associated with the worldwide implementation of a single enterprise resource planning system, result from rationalizing and enhancing 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 and senior management level terminations. 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.
  - Charges associated with discontinued or withdrawn product lines. This represents charges taken and reductions in revenue recorded in connection with product lines that the Company discontinues or withdraws. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this activity or because many such product discontinuations are related to recent acquisitions.
  - Charges related to restructuring our European subsidiaries. These amounts represent charges recorded in operating or non-operating expenses such as levies and fees paid to government authorities, legal, tax, accounting and consulting fees, and foreign currency gains and losses related to intercompany loan agreements incurred directly as a result of reorganizing our European subsidiaries and transfers of business assets between these legal entities. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this activity.
-

- Charges related to litigation matters or disputes. These charges include estimated losses or actual settlements and judgments against the Company related to litigation, disputes or similar matters. Management excludes these items when evaluating Integra's operating performance because of the infrequent nature of these matters.
- Intangible asset impairment charges. This represents impairment charges recorded against various intangible assets, including completed or core technology, customer relationships, and tradenames. Such impairments result primarily from management decisions to discontinue or significantly reduce promoting certain product lines or tradenames, the inability to incorporate existing product technologies into product development programs, and other circumstances. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this activity.
- Incremental professional and bank fees related to (a) the delayed filing of financial statements and (b) waivers or the possibility of obtaining waivers under our revolving credit facility. These charges include audit fee overruns from our independent registered accounting firm, fees for legal advice and consultations with our external counsel and incremental efforts by consultants, and fees paid to various banks in connection with waivers or the possibility of obtaining waivers related to the late filing of our Annual Report on Form 10-K for the year ended December 31, 2007 and certain non-financial debt covenants. Management excludes these items when evaluating the Company's operating performance because such incremental amounts are not expected to be incurred again.
- Charges recorded in connection with terminating defined benefit pension plans. This charge represents the expense relating to the termination of defined benefit plans of our subsidiaries. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this item.
- Charge relating to the grant of restricted stock units in connection with the extension of the term of the CEO's employment agreement. This charge was recognized in the third quarter of 2008 upon the grant of restricted stock units that were vested at the time of the grant on August 6, 2008. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this item.
- Loss/gain related to the early extinguishment of convertible notes. This amount represents the loss/gain recorded by the Company from repurchasing its convertible debt securities for more/less than their face value. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this activity.
- Non-cash interest expense related to the application of FSP APB 14-1. FSP APB 14-1, which the Company adopted on January 1, 2009, 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 this activity and because it resulted from a change in accounting principles that were not applicable at the time such convertible notes were issued.
- Income tax expense (benefit) related to the above adjustments. 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, based on the statutory rate applicable to jurisdictions in which the above non-GAAP adjustments relate.
- Quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items. Income tax expense in the current quarter is adjusted by the cumulative impacts in that quarter of changes in income tax rates (statutory and estimated effective tax rates) and certain other infrequently occurring items (such as penalties, interest, and settlements with government tax authorities) that relate to prior periods. Management excludes this item 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 amounts are not adjusted by this item, as the cumulative impacts are properly reflected in the year-to-date adjusted results.
- Income tax expenses or gains related to restructuring our European subsidiaries. Income tax expense is adjusted by incremental tax provisions or benefits recorded directly as a result of reorganizing our European subsidiaries and transfers of business assets between these legal entities. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this activity.

The measures of adjusted EBITDA and adjusted EBITDA excluding stock-based compensation that we report reflect net income adjusted to exclude (i) income taxes, (ii) other income (expense), net, (iii) depreciation and amortization, (v) interest income and expense and (v) those operating expenses also excluded from adjusted net income.

---

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 some of the non-GAAP adjustments described above, and exclusion of these items from its adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, and adjusted net income 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 adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share 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 expenses related to transaction costs for deals which may be significant and reduce GAAP net income.
- All of the adjustments to 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 June 30, 2009 and GAAP net income to adjusted EBITDA and adjusted EBITDA excluding stock-based compensation, GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per share used by management for the quarters ended June 30, 2009 and 2008. 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 August 6, 2009 by the Company.

#### **ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

##### **(d) Exhibits**

99.1 Press release with attachments, dated August 6, 2009, issued by Integra LifeSciences Holdings Corporation

---

## 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: August 6, 2009

By: /s/ John B. Henneman, III

\_\_\_\_\_  
John B. Henneman, III

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

---

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release, dated August 6, 2009, issued by Integra LifeSciences Holdings Corporation

**News Release****Contacts:****Integra LifeSciences Holdings Corporation**

John B. Henneman, III  
Executive Vice President,  
Finance and Administration,  
and Chief Financial Officer  
(609) 275-0500  
[jhenneman@Integra-LS.com](mailto:jhenneman@Integra-LS.com)

Angela Steinway  
Manager,  
Investor Relations  
(609) 936-2268  
[Angela.Steinway@Integra-LS.com](mailto:Angela.Steinway@Integra-LS.com)

***Integra LifeSciences Reports Second Quarter 2009 Financial Results***

***Revenues for the second quarter increased to \$166 million***

***Outstanding debt reduced by \$79 million***

Plainsboro, New Jersey, August 6, 2009 — Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the second quarter ending June 30, 2009. Total revenues were \$165.7 million, reflecting an increase of \$8.5 million, or 5%, over the second quarter of 2008. Excluding the impact of currency exchange rates, revenues increased 8%. Revenues by product category are presented in a table at the end of this press release.

“We are pleased with the performance of our business, notwithstanding the difficult economy. We have cut costs and focused on our fastest growing businesses,” said Integra’s President and Chief Executive Officer, Stuart Essig.

The Company reported GAAP net income of \$11.2 million, or \$0.38 per diluted share, for the second quarter of 2009, compared to GAAP net income of \$12.3 million, or \$0.43 per diluted share, for the second quarter of 2008.

Adjusted net income for the second quarter of 2009, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$15.0 million, or \$0.51 per diluted share. Adjusted net income for the second quarter of 2008, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$14.1 million, or \$0.49 per diluted share.

Integra generated \$30.6 million in cash flows from operations and used \$5.2 million of cash on capital expenditures in the second quarter of 2009. For the four quarters ended June 30, 2009, Integra’s cash flows from operations exceeded \$120 million.

During the quarter, Integra repurchased \$18.7 million par value of its 2.75% senior convertible notes due June 2010 for a total of \$18.0 million and paid down \$60.0 million of its credit facility. “Our strong operating cash flow in the past twelve months enabled us to repurchase over \$50 million of our notes and pay down \$60 million on our credit facility since the beginning of the year,” said Jack Henneman, Integra’s Chief Financial Officer. “We finished the quarter with \$138.7 million in cash and \$100 million in capacity under our revolving credit facility.”

Adjusted EBITDA for the second quarter of 2009, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$34.9 million, an increase of 6% compared to the same period last year. Adjusted EBITDA excluding stock-based compensation, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$38.9 million, an increase of 7% compared to the same period last year.

---



## Outlook for 2009

The Company is updating its GAAP earnings per share guidance and reiterating its revenue and adjusted earnings per share guidance for the full year 2009. The Company continues to anticipate revenues between \$680 million and \$700 million. The Company is guiding to GAAP earnings per diluted share of between \$1.64 and \$1.84 and to adjusted earnings per diluted share of between \$2.00 and \$2.20. We expect revenues in the fourth quarter of 2009 will be the strongest of the year. 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 (such as acquisition-related charges, facility consolidation, manufacturing and distribution transfer, and system integration charges, and non-cash interest expense related to the application of FSP APB 14-1) 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.

On a quarterly basis, the Company expects to incur approximately \$4.0 million, or \$0.08 per share, of share-based compensation expense associated with FAS 123R in 2009. This non-cash compensation expense is reflected in both the GAAP and adjusted earnings per share guidance for 2009 provided above.

## Conference Call

Integra has scheduled a conference call for 8:30 AM ET on Thursday, August 6, 2009 to discuss financial results for the second quarter of 2009 and forward-looking financial guidance. The conference call will be hosted by Stuart Essig, President and Chief Executive Officer of Integra, 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 719-325-4780 and using the passcode 4105940. The call can also be accessed through a webcast via a link provided on the Investor Relations homepage of Integra's website at [www.Integra-LS.com](http://www.Integra-LS.com). Access to a replay is available through August 20, 2009 by dialing 719-457-0820 and using the passcode 4105940. The webcast will also be archived under Events & Presentations in the Investor Relations section of its website ([www.Integra-LS.com](http://www.Integra-LS.com)).

\*\*\*

Integra LifeSciences Holdings Corporation, a world leader in regenerative medicine, is a global medical device company dedicated to improving the quality of life for millions of patients every year. Our products are used primarily in orthopedics, neurosurgery and general surgery. Headquartered in Plainsboro, New Jersey, Integra has research and manufacturing facilities throughout the world. For more information, visit [www.Integra-LS.com](http://www.Integra-LS.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 income, GAAP and adjusted earnings per diluted share, non-GAAP adjustments such as acquisition-related charges, non-cash interest expense related to the application of FSP APB 14-1, and income tax expense (benefit) related to non-GAAP adjustments, adjusted EBITDA, 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. Such risks and uncertainties include, but are not limited to: 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; the Company's ability to secure regulatory approval for products in development; 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 of legal compliance matters or internal controls review, improvement and remediation; the impact of changes in management or staff levels; the Company's ability to integrate acquired businesses; 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 timing and amount of share-based awards granted to employees; fluctuations in foreign currency exchange rates; the amount of our convertible notes outstanding, 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, 2008 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. Adjusted EBITDA consists of net income, excluding: (i) income taxes, (ii) other income (expense), net, (iii) depreciation and amortization, (iv) interest income and expense, and (v) those operating expenses also excluded from adjusted net income. Adjusted net income consists of net income, excluding: (i) acquisition-related charges; (ii) facility consolidation, manufacturing and distribution transfer and system integration charges; (iii) certain employee termination and related costs; (iv) charges associated with discontinued or withdrawn product lines; (v) charges related to restructuring our European subsidiaries; (vi) charges related to litigation matters or disputes; (vii) intangible asset impairment charges; (viii) incremental professional and bank fees related to (a) the delayed filing of financial statements and (b) waivers or possibility of obtaining waivers under our revolving credit facility; (ix) charges recorded in connection with terminating defined benefit pension plans; (x) charges relating to the grant of restricted stock units in connection with the extension of the term of the CEO's employment agreement; (xi) loss/gain related to the early extinguishment of convertible notes; (xii) non-cash interest expense related to the application of FSP APB 14-1; (xiii) the income tax expense/benefit related to these adjustments; (xiv) quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items; and (xv) income tax expenses or gains related to restructuring our European subsidiaries. Adjusted net income attributable to diluted shares is calculated by multiplying adjusted net income by the diluted share percentage shown in Note 9 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009. Adjusted earnings per diluted share are calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. Reconciliations of GAAP revenues to adjusted revenues for the quarter ended June 30, 2009, and net income to adjusted EBITDA, adjusted EBITDA excluding stock-based compensation and adjusted net income, and GAAP earnings per diluted share to adjusted earnings per diluted share for the quarters ended June 30, 2009 and 2008 appear in the financial tables in this release.

Integra believes that the presentation of adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, 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](http://www.sec.gov) or on our website at [www.Integra-LS.com](http://www.Integra-LS.com).

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

(In thousands, except per share amounts)	Three Months Ended June 30,	
	2009	2008
<b>TOTAL REVENUES</b>	<b>\$ 165,725</b>	<b>\$ 157,198</b>
<b>COSTS AND EXPENSES</b>		
Cost of product revenues	59,805	58,159
Research and development	10,302	7,793
Selling, general and administrative	68,252	63,475
Intangible asset amortization	3,461	2,973
<b>Total costs and expenses</b>	<b>141,820</b>	<b>132,400</b>
Operating income	23,905	24,798
Interest income	134	444
Interest expense	(6,174)	(6,922)
Other income (expense), net	(481)	(451)
Income before income taxes	17,384	17,869
<b>Income tax expense</b>	<b>6,159</b>	<b>5,592</b>
Net income	11,225	12,277
Diluted share percentage*	99.2%	98.1%
Net income attributable to diluted shares*	\$ 11,135	\$ 12,044
<b>Diluted net income per share</b>	<b>\$ 0.38</b>	<b>\$ 0.43</b>
Weighted average common shares outstanding for diluted net income per share	29,202	28,277

\* See Note 9 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009.

Listed below are the items included in GAAP revenues and GAAP 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)

A. Growth in total revenues excluding the effects of currency exchange rates

	Three Months Ended		
	June 30,		
	2009	2008	Change
Integra Orthopedics	\$ 65,164	\$ 50,993	28%
Integra NeuroSciences	\$ 61,448	\$ 62,762	-2%
Integra Medical Instruments	\$ 39,113	\$ 43,443	-10%
Net Sales	\$ 165,725	\$ 157,198	5%
Impact of changes in currency exchange rates	\$ 4,643	—	
Growth in total revenues excluding the effects of currency exchange rates	\$ 170,368	\$ 157,198	8%

B. Items included in GAAP net income

	Three Months Ended June 30,	
	2009	2008
Acquisition-related charges (a)	\$ 1,924	\$ 453
Employee termination and related costs (b)	196	—
Charges associated with discontinued or withdrawn product lines (c)	246	—
Facility consolidation, manufacturing and distribution transfer and system integration charges (d)	189	201
Incremental professional and bank fees related to (i) the delayed filing of financial statements and (ii) waivers or possibility of obtaining waivers under our revolving credit facility (e)	—	493
Loss (gain) related to early extinguishment of convertible notes (f)	89	—
Non-cash interest expense related to the implementation of FSP APB 14-1 (g)	2,765	2,661
Income tax expense (benefit) related to above adjustments, quarterly adjustments to income tax expense (benefit) related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items that affected the reported tax rate	(1,591)	(2,024)
FAS 123R Stock-based compensation	3,971	3,600
Depreciation and amortization expense	8,467	6,971

- (a) Q2 2009 — all in cost of product revenues;  
Q2 2008 — \$167 recorded in cost of product revenues, \$286 recorded in intangible asset amortization.
- (b) Q2 2009 — all recorded in selling general and administrative.
- (c) Q2 2009 — all recorded in cost of product revenues.
- (d) Q2 2009 — all recorded in cost of product revenues;  
Q2 2008 — all recorded in cost of product revenues.
- (e) Q2 2008 — all recorded in selling general and administrative.
- (f) Q2 2009 — all recorded in other expense.
- (g) Q2 2009 — all recorded in interest expense.  
Q2 2008 — all recorded in interest expense.

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

(In thousands)	Three Months Ended June 30,	
	2009	2008
GAAP net income	\$ 11,225	\$ 12,277
Non-GAAP adjustments:		
Depreciation and amortization expense	8,467	6,971
Other income (expense), net	481	451
Interest expense	6,174	6,922
Interest income	(134)	(444)
Income tax expense	6,159	5,592
Acquisition-related charges	1,924	453
Employee termination and related costs	196	—
Charges associated with discontinued or withdrawn product lines	246	—
Facility consolidation, manufacturing and distribution transfer and system integration charges	189	201
Incremental professional and bank fees related to (a) the delayed filing of financial statements and (b) waivers or possibility of obtaining waivers under our revolving credit facility	—	493
<b>Total of non-GAAP adjustments</b>	<b>23,702</b>	<b>20,639</b>
Adjusted EBITDA	\$ 34,927	\$ 32,916
FAS 123R Stock-based compensation	3,971	3,600
Adjusted EBITDA excluding stock-based compensation	<u>\$ 38,898</u>	<u>\$ 36,516</u>

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

(In thousands, except per share amounts)	Three Months Ended June 30,	
	2009	2008
GAAP net income	\$ 11,225	\$ 12,277
Non-GAAP adjustments:		
Acquisition-related charges	1,924	453
Employee termination and related costs	196	—
Charges associated with discontinued or withdrawn product lines	246	—
Facility consolidation, manufacturing and distribution transfer and system integration charges	189	201
Incremental professional and bank fees related to (a) the delayed filing of financial statements and (b) waivers or possibility of obtaining waivers under our revolving credit facility	—	493
Loss (gain) related to early extinguishment of convertible notes	89	—
Non-cash interest expense related to the application of FSP APB 14-1	2,765	2,661
Income tax expense (benefit) related to above adjustments, quarterly adjustments to income tax expense (benefit) related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items that affected the reported tax rate	(1,591)	(2,024)
Total of non-GAAP adjustments	3,818	1,784
Adjusted net income	\$ 15,043	\$ 14,061
Diluted share percentage*	99.2%	98.1%
Adjusted net income attributable to diluted shares	\$ 14,920	\$ 13,794
Adjusted diluted net income per share	\$ 0.51	\$ 0.49
Weighted average common shares outstanding for diluted net income per share	29,202	28,277

\* Calculated consistently with Note 9 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009

CONDENSED BALANCE SHEET DATA  
(UNAUDITED)

(In thousands)	June 30, 2009	December 31, 2008
Cash and cash equivalents	\$ 138,717	\$ 183,546
Accounts receivable, net	101,462	112,417
Inventory, net	139,319	146,103
Bank line of credit	200,000	260,000
Convertible securities	256,155	299,480
Stockholders' equity	402,775	372,309



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

(In thousands, except per share amounts)	Projected Year Ended December 31, 2009	
	Low	High
GAAP net income	\$ 47,920	\$ 53,820
Non-GAAP adjustments:		
Acquisition-related charges	4,570	4,570
Employee termination and related costs	1,050	1,050
Charges associated with discontinued or withdrawn product lines	250	250
Facility consolidation, manufacturing and distribution transfer, and system integration charges	580	580
Incremental professional and bank fees related to (a) the delayed filing of financial statements and (b) waivers or possibility of obtaining waivers under our revolving credit facility	350	350
Charges related to restructuring European subsidiaries	1,880	1,880
Loss (gain) related to early extinguishment of convertible notes	(1,120)	(1,120)
Non-cash interest expense related to the application of FSP APB 14-1	10,290	10,290
Income tax expense (benefit) related to above adjustments and certain infrequently occurring items	(7,070)	(7,070)
Total of non-GAAP adjustments	<u>10,780</u>	<u>10,780</u>
Adjusted net income	\$ 58,700	\$ 64,600
GAAP diluted net income per share	\$ 1.64	\$ 1.84
Non-GAAP adjustments detailed above (per share)	\$ 0.36	\$ 0.36
Adjusted diluted net income per share	<u>\$ 2.00</u>	<u>\$ 2.20</u>
Weighted average common shares outstanding for diluted net income per share	29,300	29,300

IART-F

Source: *Integra LifeSciences Holdings Corporation*