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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 3, 2010

Integra LifeSciences Holdings Corporation

\_\_\_\_\_  
(Exact name of registrant as specified in its charter)

Delaware

000-26244

510317849

\_\_\_\_\_  
(State or other jurisdiction  
of incorporation)

\_\_\_\_\_  
(Commission  
File Number)

\_\_\_\_\_  
(I.R.S. Employer  
Identification No.)

311 Enterprise Drive, Plainsboro, New Jersey

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))
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## Item 2.02 Results of Operations and Financial Condition.

On May 3, 2010, Integra LifeSciences Holdings Corporation (the "Company") issued a press release announcing financial results for the quarter ended March 31, 2010 (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 March 31, 2010, 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 March 31, 2010 and 2009, 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, 2010.

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 (which excludes intangible asset amortization expense). Adjusted revenues consist of growth in total revenues excluding the effects of currency exchange rates on the current period's revenues. The various measures of adjusted EBITDA consist of GAAP net income, excluding: (i) depreciation and amortization, (ii) other income (expense), net, (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 income, excluding: (i) acquisition-related charges; (ii) charges associated with discontinued or withdrawn product lines; (iii) systems implementation charges; (iv) facility consolidation, manufacturing and distribution transfer charges; (v) incremental professional and bank fees related to the possibility of obtaining a waiver under our revolving credit facility; (vi) charges related to restructuring our European subsidiaries; (vii) gain related to the early extinguishment of convertible notes; (viii) certain employee termination and related costs; (ix) non-cash interest expense related to the application of authoritative guidance for convertible debt instruments that may be settled in cash upon conversion ("FSP APB 14-1"); (x) intangible asset amortization expense; (xi) quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items; and (xii) the income tax expense/benefit related to these adjustments. Adjusted net income attributable to diluted shares is calculated by multiplying adjusted net income by the diluted share percentage. The adjusted earnings per diluted share measure is 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 March 31, 2010 and GAAP 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 March 31, 2010 and 2009 appear in the financial tables in the Press Release.

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 growth in total revenues for the quarter ended March 31, 2010 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 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 exchange rates, for 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:

- Acquisition-related charges. Acquisition-related charges include in process research and development charges, inventory fair value purchase accounting adjustments, impairments to existing intangible assets in connection with a subsequent acquisition, 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 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.

- 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.
- Systems 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 enterprise resource planning 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 and are, in some cases, dependent upon opportunities identified in acquisitions, which also vary in frequency and magnitude.
- Facility consolidation, manufacturing and distribution transfer 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.
- Incremental professional and bank fees related to the possibility of obtaining a waiver under our revolving credit facility. These charges include fees for legal advice and consultations with our external counsel and fees paid to various banks in connection with the possibility of obtaining a waiver related to a certain non-financial debt covenant. Management excludes these items when evaluating the Company's operating performance because such incremental amounts are not expected to be incurred again.
- 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.
- 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.
- Employee termination and related costs. Employee termination and related costs consist of charges related to certain 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.
- Non-cash interest expense related to the application of FASB Staff Position 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.
- Intangible asset amortization expense. Management excludes this item when evaluating the Company's operating performance because it is a non-cash expense.
- 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 measures are not adjusted by this item, as the cumulative impacts are properly reflected in the year-to-date adjusted results.
- 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. 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 enterprise resource planning 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 March 31, 2010 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 diluted share used by management for the quarters ended March 31, 2010 and 2009. 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 May 3, 2010 by the Company.

**Item 9.01 Financial Statements and Exhibits.**

Press release with attachments, dated May 3, 2010, issued by Integra LifeSciences Holdings Corporation

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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

May 3, 2010

By: *John B. Henneman, III*

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*Name: John B. Henneman, III*  
*Title: Executive Vice President, Finance and Administration and*  
*Chief Financial Officer*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release with attachments, dated May 3, 2010, issued by Integra LifeSciences Holdings Corporation.

# News Release

Contacts:

Integra LifeSciences Holdings Corporation

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## *Integra LifeSciences Reports First Quarter 2010 Financial Results*

### *Revenues for the first quarter increased to \$173 million*

Plainsboro, New Jersey, May 3, 2010 – Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the first quarter ending March 31, 2010. Total revenues for the first quarter were \$172.7 million, reflecting an increase of \$11.7 million, or 7%, over the first quarter of 2009. Excluding the impact of currency exchange rates, revenues increased 6% over the first quarter of 2009. Revenues by product category are presented in a table at the end of this press release.

“Despite ongoing challenges in our industry, the continued improvement across our product categories builds a foundation for sales growth and earnings leverage in 2010,” said Stuart Essig, Integra’s President and Chief Executive Officer.

The Company reported GAAP net income of \$15.2 million, or \$0.50 per diluted share, for the first quarter of 2010, compared to GAAP net income of \$9.6 million, or \$0.32 per diluted share, for the first quarter of 2009.

Adjusted net income for the first quarter of 2010, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$19.0 million, or \$0.63 per diluted share, compared to \$17.0 million, or \$0.58 per diluted share, in the first quarter of 2009. Amounts in both periods exclude intangible asset amortization, which was \$4.5 million, in the first quarter of 2010 and \$4.9 million in the first quarter of 2009.

Integra generated \$28.1 million in cash flows from operations and used \$5.9 million of cash on capital expenditures in the first quarter of 2010. During the quarter, Integra paid down \$15.0 million of its credit facility with cash.

“In addition to our revenue growth, I was pleased by the profitability and cash generation of the Company,” said Integra’s Chief Financial Officer, Jack Henneman.

Adjusted EBITDA for the first quarter of 2010, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$33.8 million, the same as first quarter last year.

Adjusted EBITDA excluding stock-based compensation for the first quarter of 2010, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$37.6 million, also the same as first quarter last year.

#### Outlook for 2010

The Company is reiterating its revenue guidance and GAAP and adjusted earnings per share guidance for the full year 2010. The Company continues to anticipate revenues between \$715 million and \$735 million. The Company is guiding to GAAP earnings per diluted share of between \$1.92 and \$2.07 and to adjusted earnings per diluted share of between \$2.60 and \$2.75. This guidance for adjusted earnings per diluted share excludes intangible asset amortization. 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 systems integration charges, non-cash interest expense related to the application of authoritative guidance for convertible debt instruments that may be settled in cash upon conversion (“FSP APB 14-1”), and intangible asset amortization) 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 million of share-based compensation expense in 2010. This non-cash compensation expense is reflected in both the GAAP and adjusted earnings per diluted share guidance for 2010 provided above.

#### Conference Call

Integra has scheduled a conference call for 8:30 AM ET on Monday, May 3, 2010 to discuss financial results for the first quarter 2010 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 719-325-2133 and using the passcode 8819084. 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 the replay is available through May 17, 2010 by dialing 719-457-0820 and using the passcode 8819084. The webcast will also be archived on the website.

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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, stock-based compensation, non-GAAP adjustments such as acquisition-related charges, non-cash interest expense related to the application of FSP APB 14-1, intangible asset amortization, and income tax expense (benefit) related to non-GAAP adjustments, and adjusted EBITDA. 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; the Company's ability to manufacture sufficient quantities of its products to meet its customers' demand; 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 effect of legislation effecting healthcare reform in the United States; 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, 2009 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 (which excludes intangible asset amortization expense). Adjusted revenues consist of growth in total revenues excluding the effects of currency exchange rates on the current period's revenues. The various measures of adjusted EBITDA consist of GAAP net income, excluding: (i) depreciation and amortization, (ii) other income (expense), net, (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 income, excluding: (i) acquisition-related charges; (ii) charges associated with discontinued or withdrawn product lines; (iii) systems implementation charges; (iv) facility consolidation, manufacturing and distribution transfer charges; (v) incremental professional and bank fees related to the possibility of obtaining a waiver under our revolving credit facility; (vi) charges related to restructuring our European subsidiaries; (vii) gain related to the early extinguishment of convertible notes; (viii) certain employee termination and related costs; (ix) non-cash interest expense related to the application of FSP APB 14-1; (x) intangible asset amortization expense; (xi) quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items; and (xii) the income tax expense/benefit related to these adjustments. Adjusted net income attributable to diluted shares is calculated by multiplying adjusted net income by the diluted share percentage. The adjusted earnings per diluted share measure is 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 March 31, 2010 and GAAP 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 March 31, 2010 and 2009 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](http://www.sec.gov) or on our website at [www.Integra-US.com](http://www.Integra-US.com).

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

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2010	2009
Total revenues	\$172,698	\$160,950
Costs and expenses:		
Cost of product revenues	63,224	58,148
Research and development	11,301	10,643
Selling, general and administrative	72,511	66,451
Intangible asset amortization	3,019	3,456
Total costs and expenses	150,055	138,698
Operating income	22,643	22,252
Interest income	61	247
Interest expense	(4,541)	(6,684)
Other income (expense), net	1,146	(868)
Income before income taxes	19,309	14,947
Income tax expense	4,087	5,380
Net income	15,222	9,567
Diluted net income per share *	\$ 0.50	\$ 0.32
Weighted average common shares outstanding for diluted net income per share	29,982	29,252

\* The calculation of earnings per share for common stock shown above excludes the income attributable to the unvested restricted share units from the numerator and excludes the dilutive impact of those units from the denominator. The authoritative guidance had an insignificant impact (impacts the rounding by \$0.01 per share) on diluted net income per share for both periods.



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.

Growth in total revenues excluding the effects of currency exchange rates

(In thousands)

	Three Months Ended March 31,		
	2010	2009	Change
Integra Orthopedics	\$ 70,187	\$ 64,366	9%
Integra NeuroSciences	\$ 64,774	\$ 59,731	8%
Integra Medical Instruments	\$ 37,737	\$ 36,853	2%
Net Sales	\$172,698	\$160,950	7%
Impact of changes in currency exchange rates	\$ (2,664)	—	
Growth in total revenues excluding the effects of currency exchange rates	\$170,034	\$160,950	6%

Items included in GAAP net income

(In thousands)

	Three Months Ended March 31,	
	2010	2009
Acquisition-related charges (a)	\$ 555	\$ 2,007
Employee termination and related costs (b)	628	450
Charges associated with discontinued or withdrawn product lines (c)	74	—
Systems implementation charges (d)	136	—
Facility consolidation, manufacturing and distribution transfer charges (e)	326	203
Incremental professional and bank fees related to the possibility of obtaining a waiver under our revolving credit facility (f)	—	350
Charges related to restructuring European subsidiaries (g)	—	1,876
(Gain) related to early extinguishment of convertible notes (h)	—	(1,213)
Non-cash interest expense related to the implementation of FSP APB 14-1 (i)	2,053	2,762
Intangible asset amortization expense	4,482	4,876
Income tax expense related to above adjustments, quarterly adjustments to income tax expense related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items that affected the reported tax rate	(4,458)	(3,843)
Stock-based compensation expense	3,843	3,760
Depreciation expense	4,949	3,800

(a) Q1 2010 — \$406 recorded in cost of product revenues, \$28 recorded in research and

development, \$121 recorded in selling general and administrative;

Q1 2009 – all recorded in cost of product revenues.

(b) Q1 2010 – all recorded in selling general and administrative.

Q1 2009 — \$57 recorded in cost of product revenues, \$233 recorded in selling general and administrative, \$160 recorded in research and development.

(c) Q1 2010 – all recorded in cost of product revenues.

(d) Q1 2010 — all recorded in selling general and administrative.

(e) Q1 2010 — \$256 recorded in cost of product revenues, \$26 recorded in research and development, \$44 recorded in selling general and administrative.

Q1 2009 – \$134 recorded in cost of product revenues, \$69 recorded in selling general and administrative.

(f) Q1 2009 – \$200 recorded in selling general and administrative, \$150 recorded in interest expense.

(g) Q1 2009 – all recorded in other income (expense), net.

(h) Q1 2009 – all recorded in other income (expense), net.

(i) All recorded in interest expense.

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

(In thousands)

	Three Months Ended March 31,	
	2010	2009
GAAP net income	\$15,222	\$ 9,567
Non-GAAP adjustments:		
Depreciation and intangible asset amortization Expense	9,431	8,676
Other (income) expense, net	(1,146)	868
Interest (income) expense, net	4,480	6,437
Income tax expense	4,087	5,380
Acquisition-related charges	555	2,007
Employee termination and related costs	628	450
Charges associated with discontinued or withdrawn product lines	74	—
Systems implementation charges	136	—

Facility consolidation, manufacturing and distribution transfer charges	326	203
Incremental professional and bank fees related to the possibility of obtaining a waiver under our revolving credit facility *	—	200
Total of non-GAAP adjustments	<u>18,571</u>	<u>24,221</u>
Adjusted EBITDA	\$33,793	\$33,788
Stock-based compensation	<u>3,843</u>	<u>3,760</u>
Adjusted EBITDA excluding stock-based compensation	\$37,636	\$37,548

\* The \$350 charge related to this item included \$200 recorded in selling general and administrative, excluded here, and \$150 recorded in interest expense, excluded in “interest (income) expense, net” above.

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

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2010	2009
GAAP net income	\$15,222	\$ 9,567
Non-GAAP adjustments:		
Acquisition-related charges	555	2,007
Employee termination and related costs	628	450
Charges associated with discontinued or withdrawn product lines	74	—
Systems implementation charges	136	—
Facility consolidation, manufacturing and distribution transfer charges	326	203
Incremental professional and bank fees related to the possibility of obtaining a waiver under our revolving credit facility	—	350
Charges related to restructuring European subsidiaries	—	1,876
(Gain) related to early extinguishment of convertible notes	—	(1,213)
Non-cash interest expense related to the implementation of FSP APB 14-1	2,053	2,762
Intangible asset amortization expense	4,482	4,876
Income tax expense related to above adjustments, quarterly adjustments to income tax expense related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items that affected the reported tax rate	(4,458)	(3,843)
Total of non-GAAP adjustments	<u>3,796</u>	<u>7,468</u>
Adjusted net income	<u>\$19,018</u>	<u>\$17,035</u>
Adjusted diluted net income per share *	<u>\$ 0.63</u>	<u>\$ 0.58</u>
Weighted average common shares outstanding for diluted net income per share	29,982	29,252

\* The calculation of earnings per share for common stock shown above excludes the income attributable to the unvested restricted share units from the numerator and excludes the dilutive impact of those units from the denominator. The authoritative guidance had an insignificant impact (less than \$0.01 per share) on diluted net income per share for both periods.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION  
CONDENSED BALANCE SHEET DATA  
(UNAUDITED)

(In thousands)

	March 31, 2010	December 31, 2009
Cash and cash equivalents	\$ 81,674	\$ 71,891
Accounts receivable, net	98,532	103,228
Inventory, net	142,113	140,240
Bank line of credit	145,000	160,000
Convertible securities	227,783	225,514
Stockholders' equity	457,920	444,885

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

(In thousands, except per share amounts)

	Projected Year Ended December 31, 2010	
	Low	High
GAAP net income	\$ 58,460	\$ 63,160
Non-GAAP adjustments:		
Acquisition-related charges	1,020	1,020
Employee termination and related charges	630	630
Charges associated with discontinued or withdrawn product lines	70	70
Systems implementation charges	4,370	4,370
Facility consolidation, manufacturing and distribution transfer charges	2,380	2,380
Non-cash interest expense related to the application of FSP APB 14-1	7,130	7,130
Intangible asset amortization expense	17,170	17,170
Income tax expense related		

to above adjustments and certain infrequently occurring items	<u>(11,930)</u>	<u>(11,930)</u>
Total of non-GAAP adjustments	<u>20,840</u>	<u>20,840</u>
Adjusted net income	\$ 79,300	\$ 84,000
GAAP diluted net income per share	\$ 1.92	\$ 2.07
Non-GAAP adjustments detailed above (per share)	\$ <u>0.68</u>	\$ <u>0.68</u>
Adjusted diluted net income per share	\$ <u><u>2.60</u></u>	\$ <u><u>2.75</u></u>
Weighted average common shares outstanding for diluted net income per share	30,500	30,500

IART-F

Source: *Integra LifeSciences Holdings Corporation*