
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 6, 2009

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

0-26224

51-0317849

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS 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 May 6, 2009, Integra LifeSciences Holdings Corporation (the “Company”) issued a press release announcing financial results for the quarter ended March 31, 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 quarters ended March 31, 2009 and 2008 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, 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.

On May 6, 2009, the Company posted to the “Events and Presentations” page of the Investor Relations section of its website (www.Integra-LS.com) historical financial information on 2007 and 2008 quarterly results, updated to reflect the retrospective 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”). This information includes (i) GAAP net income, (ii) non-GAAP financial measures consisting of adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, and adjusted net income for these prior periods and (iii) a reconciliation of these non-GAAP financial measures to GAAP net income. A copy of this historical financial information is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated by reference into this Item.

The information contained in Item 2.02 of this Current Report on Form 8-K (including the Press Release 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 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 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, gains and losses 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) 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 10 of the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009. Adjusted earnings per diluted share are calculated by dividing adjusted net income attributable to diluted shares by adjusted 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 March 31, 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 other 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 pension plans of our subsidiaries. Management excludes this item when evaluating the Company's operating performance because of the infrequent and/or large scale 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 and non-cash nature of this item.
 - Gain related to the early extinguishment of convertible notes. This charge represents the gain recorded by the Company from repurchasing its convertible debt securities for 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, gains and losses 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 quarters ended March 31, 2009 and 2008 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 March 31, 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 May 6, 2009 by the Company.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

- | | |
|------|--|
| 99.1 | Press release with attachments, dated May 6, 2009, issued by Integra LifeSciences Holdings Corporation |
| 99.2 | Selected Information from Website Presentations |
-

SIGNATURES

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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

Date: May 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

Exhibit No.	Description
99.1	Press Release, dated May 6, 2009, issued by Integra LifeSciences Holdings Corporation
99.2	Selected Information from Website Presentations

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

Angela Steinway
Manager,
Investor Relations

(609) 936-2268
Angela.Steinway@Integra-LS.com

Integra LifeSciences Reports First Quarter 2009 Financial Results

Revenues for the first quarter increase to \$161 million

Operating cash flow increases to \$37 million

Repurchased \$32 million of 2.75 percent 2010 convertible notes

Plainsboro, New Jersey, May 6, 2009 — Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the first quarter ending March 31, 2009. Total revenues were \$161.0 million, reflecting an increase of \$4.9 million, or 3%, over the first quarter of 2008. Excluding the impact of currency exchange rates, revenues increased 6% for the quarter ended March 31, 2009. Revenues by product category are presented in a table at the end of this press release.

“Despite ongoing challenges in the global economy and the financial condition of hospitals, we are pleased with the underlying strength of our business, particularly our operating cash flow. We have reacted rapidly to the changes in our environment, reducing costs and reallocating resources toward our less economically sensitive markets,” said Integra’s President and Chief Executive Officer, Stuart Essig.

The Company reported GAAP net income of \$9.6 million, or \$0.32 per diluted share, for the first quarter of 2009, compared to GAAP net income of \$9.1 million, or \$0.32 per diluted share, for the first quarter of 2008.

Adjusted net income for the first quarter of 2009, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$13.8 million, or \$0.47 per diluted share. Adjusted net income for the first quarter of 2008, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$14.4 million, or \$0.50 per diluted share.

Integra generated \$37.2 million in operating cash flow and used \$3.0 million of cash on capital expenditures in the first quarter of 2009.

During the quarter, Integra repurchased \$32.1 million par value of its 2.75% senior convertible notes due June 2010 for a total of \$29.5 million. “We will continue to review our capital structure over the coming twelve months. Repurchasing our convertible notes at a discount is a good use of our cash, allowing us to reduce not only our interest expense, but also the ultimate cash principal payment,” said Jack Henneman, Integra’s Chief Financial Officer.

Adjusted EBITDA for the first quarter of 2009, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$33.8 million, an increase of 8% 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 \$37.5 million, an increase of 8% compared to the same period last year.

GAAP net income per diluted share results stated above include the impact of the application of FSP APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (including Partial Cash Settlement)" and EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," which were implemented on January 1, 2009 and require retrospective implementation. FSP APB 14-1 requires that we separately account for the liability and equity components of our 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. The Company's previously reported GAAP earnings per diluted share have been adjusted to reflect the implementation of FSP APB 14-1.

EITF 03-6-1 requires unvested share-based payment awards, which have non-forfeitable dividend rights or dividend equivalents, to be considered participating securities and they are now required to be included in computing earnings per share under the two-class method. The Company's previously reported diluted shares outstanding, earnings per diluted share and adjusted earnings per diluted share have been adjusted to reflect the implementation of EITF 03-6-1.

Adjusted earnings per diluted share results stated above for the first quarters of both 2008 and 2009 exclude the impact of the implementation of FSP APB 14-1, but include the impact of the application EITF 03-6-1.

Integra is providing 2007 and 2008 quarterly results reflecting the implementation of FSP APB 14-1 in its Quarterly Financial Summary, which is located under Events & Presentations in the Investor Relations section of its website (www.Integra-LS.com) and in the Company's Current Report on Form 8-K filed this morning.

Outlook for 2009

The Company has reduced its revenue and earnings per share guidance for the full year 2009. The Company is now anticipating revenues between \$680 million and \$700 million, versus prior guidance of \$720 million to \$740 million. The Company is now guiding to GAAP earnings per diluted share of between \$1.63 and \$1.83 versus prior guidance of between \$1.86 and \$2.06, and to adjusted earnings per diluted share of between \$2.00 and \$2.20 versus prior guidance of between \$2.20 and \$2.40. 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 \$3.7 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 9:00 AM ET on Wednesday, May 6, 2009 to discuss financial results for the first 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 719-325-4859 and using the passcode 4833677. 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. Access to a replay is available through May 20, 2009 by dialing 719-457-0820 and using the passcode 4833677, or through the webcast.

Integra LifeSciences Holdings Corporation, a world leader in regenerative medicine, is dedicated to improving the quality of life for patients through the development, manufacturing and marketing of clinically relevant, innovative and cost-effective surgical implants and medical instruments. The Company's products are used to treat millions of patients every year, primarily in neurosurgery, orthopedics and general surgery. Integra's headquarters are in Plainsboro, New Jersey, and it has research and manufacturing facilities throughout the world. <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, 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.

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) 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 10 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009. Adjusted earnings per diluted share are calculated by dividing adjusted net income attributable to diluted shares by adjusted diluted weighted average shares outstanding. Reconciliations of GAAP revenues to adjusted revenues, 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, 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 or on our website at www.Integra-LS.com.

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

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2009	2008
TOTAL REVENUES	\$ 160,950	\$ 156,008
COSTS AND EXPENSES		
Cost of product revenues	58,148	62,212
Research and development	10,643	7,798
Selling, general and administrative	66,451	62,489
Intangible asset amortization	3,456	2,973
Total costs and expenses	138,698	135,472
Operating income	22,252	20,536
Interest income	247	687
Interest expense	(6,684)	(8,567)
Other income (expense), net	(868)	1,507
Income before income taxes	14,947	14,163
Income tax expense (benefit)	5,380	5,113
Net income	9,567	9,050
Diluted share percentage*	99%	98.3%
Net income attributable to diluted shares*	\$ 9,471	\$ 8,896
Diluted net income per share	\$ 0.32	\$ 0.32
Weighted average common shares outstanding for diluted net income per share	29,252	28,199

* See Note 10 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 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, except per share amounts)

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

	Three Months Ended March 31,		
	2009	2008	Change
Integra NeuroSciences	\$ 59,731	\$ 61,704	-3%
Integra Orthopedics	\$ 64,366	\$ 50,355	28%
Integra Medical Instruments	\$ 36,853	\$ 43,949	-16%
Net Sales	\$ 160,950	\$ 156,008	3%
FX impact	\$ 5,170	—	
Growth in total revenues excluding the effects of Currency exchange rates	\$ 166,120	\$ 156,008	6%

B. Items included in GAAP net income

	Three Months Ended March 31,	
	2009	2008
Acquisition-related charges (a)	\$ 2,007	\$ 3,208
Employee termination and related costs (b)	450	—
Facility consolidation, manufacturing and distribution transfer and system integration charges (c)	203	364
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 (d)	350	548
Charges related to restructuring European subsidiaries* (e)	1,876	—
Gain related to early extinguishment of convertible notes (f)	(1,213)	—
Non-cash interest expense related to the implementation of FSP APB 14-1 (g)	2,762	4,352
Income tax expense (benefit) related to above adjustments and to the cumulative impact of changes in state and foreign income tax rates and certain infrequently occurring items that affected the reported tax rate	(2,244)	(3,161)
FAS 123R Stock-based compensation	3,760	3,478
Depreciation and amortization expense	8,676	7,073

* Adjusted net income for the first quarter of 2009 excludes a \$1,876 foreign exchange loss associated with an intercompany loan set up in connection with the restructuring of a German subsidiary in the fourth quarter of 2008. Adjusted net income for the first quarter of 2009 and the prior period include foreign exchange gains and losses associated with intercompany loans not related to the restructuring.

- (a) Q1 2009 — all recorded in cost of product revenues.
Q1 2008 — all recorded in cost of product revenues.
- (b) Q1 2009 — \$57 recorded in cost of product revenues, \$233 recorded in selling general and administrative, \$160 recorded in research and development.
- (c) Q1 2009 — \$134 recorded in cost of product revenues, \$69 recorded in selling general and administrative.
Q1 2008 — \$235 recorded in cost of product revenues, \$129 recorded in selling general and administrative.
- (d) Q1 2009 — \$200 recorded in selling general and administrative, \$150 recorded in interest expense.
Q1 2008 — \$230 recorded in selling general and administrative, \$318 recorded in interest expense.
- (e) Q1 2009 — all recorded in other income (expense), net.
- (f) Q1 2009 — all recorded in other income (expense), net.
- (g) Q1 2009 — all recorded in interest expense.
Q1 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 March 31,	
	2009	2008
GAAP net income	\$ 9,567	\$ 9,050
Non-GAAP adjustments:		
Depreciation and amortization expense	8,676	7,073
Other income (expense), net	868	(1,507)
Interest expense	6,684	8,567
Interest income	(247)	(687)
Income tax expense (benefit)	5,380	5,113
Acquisition-related charges	2,007	3,208
Employee termination and related costs	450	—
Facility consolidation, manufacturing and distribution transfer and system integration charges	203	364
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 (1)	200	230
Total of non-GAAP adjustments	<u>24,221</u>	<u>22,361</u>
Adjusted EBITDA	\$ 33,788	\$ 31,411
FAS 123R Stock-based compensation	<u>3,760</u>	<u>3,478</u>
Adjusted EBITDA excluding stock-based compensation	<u>\$ 37,548</u>	<u>\$ 34,889</u>

- (1) Q1 2009 — This amount differs from Table B above, as \$150 of the \$350 expense is already in interest expense, which is a separate adjustment above.
Q1 2008 — This amount differs from Table B above, as \$318 of the \$548 expense is already in interest expense, which is a separate adjustment above.

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

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2009	2008
GAAP net income	\$ 9,567	\$ 9,050
Non-GAAP adjustments:		
Acquisition-related charges	2,007	3,208
Employee termination and related costs	450	—
Facility consolidation, manufacturing and distribution transfer and system integration charges	203	364
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	548
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 Application of FSP APB 14-1	2,762	4,352
Income tax expense (benefit) related to above adjustments and to the cumulative impact of changes in state and foreign income tax rates and certain infrequently occurring items that affected the reported tax rate	<u>(2,244)</u>	<u>(3,161)</u>
Total of non-GAAP adjustments	<u>4,191</u>	<u>5,311</u>
Adjusted net income	\$ 13,758	\$ 14,361
Diluted share percentage*	99%	98.3%
Adjusted net income attributable to diluted shares	\$ 13,620	\$ 14,117
Weighted average common shares outstanding for diluted net income per share	<u>29,252</u>	<u>28,199</u>
Adjusted diluted net income per share	<u>\$ 0.47</u>	<u>\$ 0.50</u>

* Calculated consistently with Note 10 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009

CONDENSED BALANCE SHEET DATA
(UNAUDITED)

(In thousands)

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Cash and cash equivalents	\$ 185,630	\$ 183,546
Accounts receivable, net	101,610	112,417
Inventory, net	141,582	146,103
Bank line of credit	260,000	260,000
Convertible securities	271,307	299,480*
Stockholders' equity	374,269	372,309*

* Differs from previously reported values due to the retrospective adoption of APB 14-1

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	\$ 48,200	\$ 54,100
Non-GAAP adjustments:		
Acquisition-related charges	4,560	4,560
Employee termination and related costs	470	470
Facility consolidation, manufacturing and distribution transfer, and system integration charges	830	830
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
Gain related to early extinguishment of convertible notes	(1,210)	(1,210)
Non-cash interest expense related to the application of FSP APB 14-1	10,660	10,660
Income tax expense (benefit) related to above adjustments	<u>(6,740)</u>	<u>(6,740)</u>
Total of non-GAAP adjustments	10,800	10,800
Adjusted net income	\$ 59,000	\$ 64,900
Weighted average common shares outstanding for diluted net income per share	29,500	29,500
GAAP diluted net income per share	\$ 1.63	\$ 1.83
Non-GAAP adjustments detailed above (per share)	<u>\$ 0.37</u>	<u>\$ 0.37</u>
Adjusted diluted net income per share	<u>\$ 2.00</u>	<u>\$ 2.20</u>

IART-F

Source: Integra LifeSciences Holdings Corporation

**INTEGRA LIFESCIENCES
HOLDINGS CORPORATION**



A world leader in regenerative medicine and medical devices used in neurosurgery, extremities reconstruction, orthopedics and general surgery

Quarterly Financial Summary

May 2009

STATEMENTS OF OPERATIONS (2007 – 2009)

(in thousands)



HISTORICAL* AND REPORTED GAAP RESULTS

	<u>2007</u>	<u>2008</u>	<u>YTD 2009</u>
Integra NeuroSciences	\$ 242,631	\$ 256,869	\$ 59,731
Integra Orthopedics	143,917	217,953	64,366
Integra Medical Instruments	163,911	179,782	36,853
Total revenue	<u>550,459</u>	<u>654,604</u>	<u>160,950</u>
<i>Operating expenses</i>			
Cost of sales	214,674	252,826	58,148
<i>Gross margin on total revenue</i>	<i>61.0%</i>	<i>61.4%</i>	<i>63.9%</i>
Research and development	26,058	35,255	10,643
In-process research and development	4,600	25,240	-
Selling, general and administrative	225,187	280,997	66,451
Amortization	12,652	12,875	3,456
Total other operating expenses (x COGS)	<u>268,497</u>	<u>354,367</u>	<u>80,550</u>
Operating income	67,288	47,411	22,252
Interest income (expense), net	(23,561)	(27,971)	(6,437)
Other income (expense), net	2,971	(905)	(868)
Income before income taxes	<u>46,698</u>	<u>18,535</u>	<u>14,947</u>
Income tax provision	20,949	(9,192)	5,380
Net income	<u>\$ 25,749</u>	<u>\$ 27,727</u>	<u>\$ 9,567</u>

*Adjusted to reflect the implementation of FSP APB 14-1

STATEMENTS OF OPERATIONS (Q1 07 – Q4 07)

(in thousands)

HISTORICAL* GAAP RESULTS

	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q3 07</u>	<u>Q4 07</u>	<u>2007</u>
Integra NeuroSciences	\$ 59,245	\$ 61,112	\$ 56,847	\$ 65,427	\$ 242,631
Integra Orthopedics	31,797	34,221	32,866	45,033	143,917
Integra Medical Instruments	31,990	39,434	45,302	47,185	163,911
Total revenue	123,032	134,767	135,015	157,645	550,459
<i>Operating expenses</i>					
Cost of sales	48,577	52,808	50,863	62,426	214,674
<i>Gross margin on total revenue</i>	60.5%	60.8%	62.3%	60.4%	61.0%
Research and development	6,060	6,239	6,546	7,213	26,058
In-process research and development	-	-	-	4,600	4,600
Selling, general and administrative	49,105	54,980	56,241	64,861	225,187
Amortization	2,787	3,845	3,029	2,991	12,652
Total other operating expenses (x COGS)	57,952	65,064	65,816	79,665	268,497
Operating income	16,503	16,895	18,336	15,554	67,288
Interest income (expense), net	(4,460)	(4,936)	(6,834)	(7,331)	(23,561)
Other income (expense)	(208)	304	(325)	3,200	2,971
Income before income taxes	11,835	12,263	11,177	11,423	46,698
Income tax provision	3,873	4,250	4,098	8,728	20,949
Net income	\$ 7,962	\$ 8,013	\$ 7,079	\$ 2,695	\$ 25,749

*Adjusted to reflect the implementation of FSP APB 14-1

STATEMENTS OF OPERATIONS (Q1 08 – Q4 08)

(in thousands)

HISTORICAL* GAAP RESULTS

	Q1 08	Q2 08	Q3 08	Q4 08	2008
Integra NeuroSciences	\$ 61,704	\$ 62,762	\$ 68,086	\$ 64,317	\$ 256,869
Integra Orthopedics	50,355	50,993	53,777	62,828	217,953
Integra Medical Instruments	43,949	43,443	45,165	47,225	179,782
Total revenue	156,008	157,198	167,028	174,370	654,604
<i>Operating expenses</i>					
Cost of sales	62,212	58,159	64,317	68,138	252,826
Gross margin on total revenue	60.1%	63.0%	61.5%	60.9%	61.4%
Research and development	7,798	7,793	9,478	10,186	35,255
In-process research and development	-	-	25,240	-	25,240
Selling, general and administrative	62,489	63,475	87,660	67,373	280,997
Amortization	2,973	2,973	3,224	3,705	12,875
Total other operating expenses (x COGS)	73,260	74,241	125,602	81,264	354,367
Operating income (loss)	20,536	24,798	(22,891)	24,968	47,411
Interest income (expense), net	(7,880)	(6,478)	(6,556)	(7,057)	(27,971)
Other income (expense)	1,507	(451)	(409)	(1,552)	(905)
Income (loss) before income taxes	14,163	17,869	(29,856)	16,359	18,535
Income tax provision	5,113	5,592	(13,002)	(6,895)	(9,192)
Net income (loss)	\$ 9,050	\$ 12,277	\$ (16,854)	\$ 23,254	\$ 27,727

*Adjusted to reflect the implementation of FSP APB 14-1

STATEMENTS OF OPERATIONS (Q1 09)

(in thousands, except per share data)

REPORTED GAAP RESULTS

	Q1 09
Integra NeuroSciences	\$ 59,731
Integra Orthopedics	64,366
Integra Medical Instruments	36,853
Total revenue	<u>160,950</u>
<i>Operating expenses</i>	
Cost of sales	58,148
<i>Gross margin on total revenue</i>	63.9%
Research and development	10,643
In-process research and development	-
Selling, general and administrative	66,451
Amortization	3,456
Total other operating expenses (x COGS)	<u>80,550</u>
Operating income (loss)	22,252
Interest income (expense), net	(6,437)
Other income (expense)	(868)
Income (loss) before income taxes	<u>14,947</u>
Income tax provision	5,380
Net income (loss)	<u>\$ 9,567</u>
Diluted share percentage	99.0%
Net income attributable to diluted shares	<u>\$ 9,471</u>
Diluted net income (loss) per share	\$ 0.32
Weighted average shares outstanding	29,252

Balance Sheet, Cash Flows and Capital Structure*

	<u>12/31/2008</u>	<u>3/31/2009</u>
Cash and marketable securities	\$ 183,546	\$ 185,630
Total assets	1,026,014	995,417
Borrowings under \$300 million bank revolving line of credit	260,000	260,000
Short term Convertible Debt Securities	-	-
Non-current Convertible Debt Securities	299,480	271,307
Total stockholders' equity	372,309	374,269

	Year-to-Date	
	<u>12/31/2008</u>	<u>3/31/2009</u>
Operating cash flows	\$ 72,590	\$ 37,187
Purchases of fixed assets	(13,401)	(3,046)
Cash used in business acquisitions, net of cash acquired	(86,874)	(4,003)
Repurchases of treasury stock	-	-
Proceeds from issuance of convertible debt securities	-	-
Proceeds from sale of stock purchase warrants	-	-
Purchase option hedge on convertible notes	-	-
Borrowings/repayments of loans and credit facility	140,442	(27,988)
Other cash flows, including stock option exercises	13,450	(66)

*Adjusted to reflect the implementation of FSP APB 14-1

QUARTERLY ADJUSTED EBITDA, ADJUSTED EBITDA EXCLUDING SHARE-BASED COMPENSATION, AND ADJUSTED EARNINGS PER DILUTED SHARE



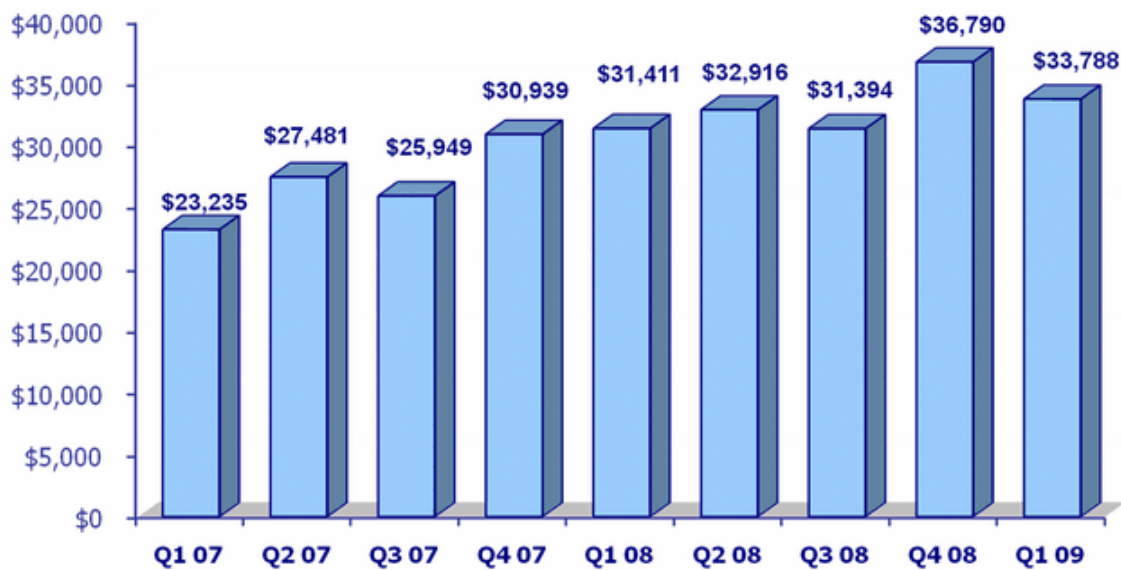
In addition to our GAAP results, we provide adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share. Adjusted EBITDA consists of net income, excluding: (i) income taxes, (ii) other income (expense), net, (iii) depreciation and amortization, (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) 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 10 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009. Adjusted earnings per diluted share are calculated by dividing adjusted net income attributable to diluted shares by adjusted diluted weighted average shares outstanding.

A reconciliation of adjusted EBITDA and adjusted EBITDA excluding stock-based compensation to GAAP net income and of adjusted net income to GAAP net income and adjusted earnings per diluted share to GAAP earnings per diluted share are provided in the tables at the end of this presentation. Additionally, in the Current Report on Form 8-K that Integra filed on May 6, 2009 and in the other Form 8-K's containing our quarterly and annual earnings releases for prior periods, Integra provides details as to which items are excluded and the adjustments to shares outstanding, explanations for why management believes that presentation of these non-GAAP financial measures provides useful information to investors regarding the Integra's financial condition and results of operations, and the reasons for which Integra's management uses these non-GAAP financial measures.

ADJUSTED EBITDA (Q1 07 – Q1 09)



(in thousands)



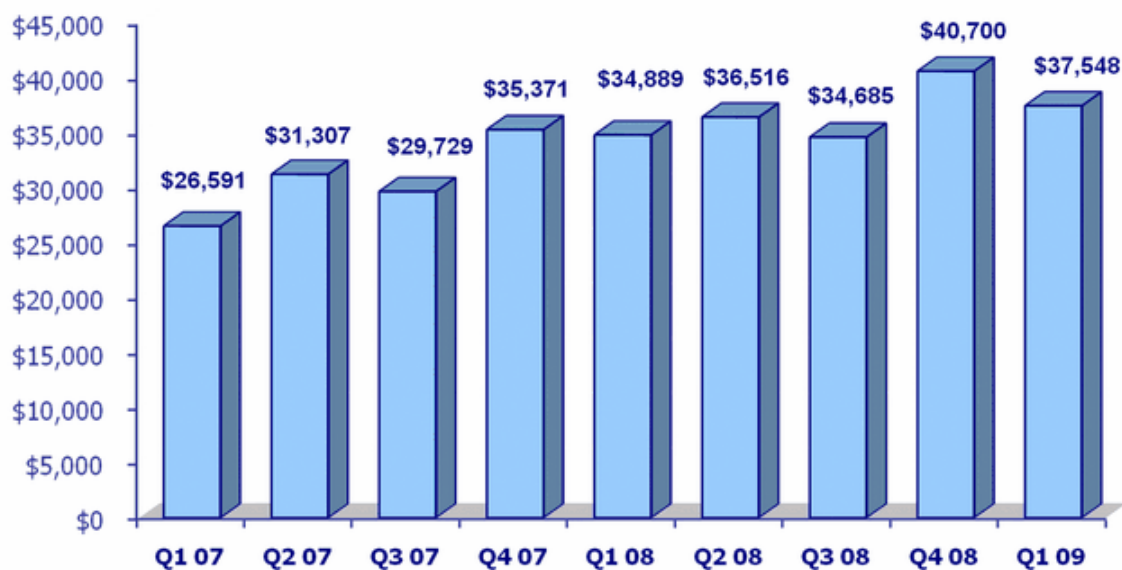
A reconciliation of reported GAAP Net Income to Adjusted EBITDA is provided at the end of this presentation

**Adjusted to reflect the implementation of FSP APB 14-1*

ADJUSTED EBITDA EXCLUDING STOCK-BASED COMPENSATION (Q1 07 – Q1 09)



(in thousands)



A reconciliation of reported GAAP Net Income to Adjusted EBITDA excluding stock-based compensation is provided at the end of this presentation

**Adjusted to reflect the implementation of FSP APB 14-1*

RECONCILIATION OF REPORTED GAAP NET INCOME TO ADJUSTED EBITDA AND ADJUSTED EBITDA EXCLUDING STOCK-BASED COMPENSATION (Q1 07 – Q4 07)

(in thousands, except per share data)

	Q1 07	Q2 07	Q3 07	Q4 07	2007
GAAP net income	\$ 7,962	\$ 8,013	\$ 7,079	\$ 2,695	\$ 25,749
Non-GAAP adjustments:					
Depreciation and amortization expense	5,664	7,532	6,013	6,418	25,627
Other (income) expense, net	208	(304)	325	(3,200)	(2,971)
Interest (income) expense, net	4,460	4,936	6,834	7,331	23,561
Income tax expense (benefit)	3,873	4,250	4,098	8,728	20,949
Acquisition-related charges	0	957	1,239	6,831	9,027
Employee termination and related costs	69	(228)	130	(131)	(160)
Facility consolidation, manufacturing and distribution transfer and system integration charges	499	186	93	328	1,106
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	-	-	-	1,389	1,389
Charges related to restructuring European subsidiaries	-	335	-	-	335
Charges associated with discontinued or withdrawn product lines	500	956	-	550	2,006
Charges related to litigation matters or disputes	-	-	138	-	138
Intangible asset impairments	-	848	-	-	848
Total of non-GAAP adjustments	15,273	19,468	18,870	28,244	81,855
Adjusted EBITDA	\$ 23,235	\$ 27,481	\$ 25,949	\$ 30,939	\$ 107,604
FAS 123R Stock-based compensation	3,356	3,826	3,780	4,432	15,394
Adjusted EBITDA excluding stock-based compensation	\$ 26,591	\$ 31,307	\$ 29,729	\$ 35,371	\$ 122,998

*Adjusted to reflect the implementation of FSP APB 14-1

RECONCILIATION OF REPORTED GAAP NET INCOME TO ADJUSTED EBITDA AND ADJUSTED EBITDA EXCLUDING STOCK-BASED COMPENSATION (Q1 08 – Q4 08)

(in thousands, except per share data)

	Q1 08	Q2 08	Q3 08	Q4 08	2008
GAAP net income	\$ 9,050	\$ 12,277	\$ (16,854)	\$ 23,254	\$ 27,727
Non-GAAP adjustments:					
Depreciation and amortization expense	7,073	6,971	7,900	8,773	30,717
Other (income) expense, net	(1,507)	451	409	1,552	905
Interest (income) expense, net	7,880	6,478	6,556	7,057	27,971
Income tax expense (benefit)	5,113	5,592	(13,002)	(6,895)	(9,192)
Acquisition-related charges	3,208	453	26,584	2,008	32,253
Facility consolidation, manufacturing and distribution transfer and system integration charges	364	201	238	232	1,035
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	230	493	-	-	723
Charges associated with discontinued or withdrawn product lines	-	-	1,207	-	1,207
Charge relations to grant of restricted stock units in connection with extension of the term of the CEO's employment agreement	-	-	18,356	-	18,356
Charges related to litigation matters or disputes	-	-	-	437	437
Charges recorded in connection with terminating defined benefit pension plans	-	-	-	372	372
Total of non-GAAP adjustments	22,361	20,639	48,248	13,536	104,784
Adjusted EBITDA	\$ 31,411	\$ 32,916	\$ 31,394	\$ 36,790	\$ 132,511
FAS 123R Stock-based compensation	3,478	3,600	3,291	3,910	14,279
Adjusted EBITDA excluding stock-based compensation	\$ 34,889	\$ 36,516	\$ 34,685	\$ 40,700	\$ 146,790

*Adjusted to reflect the implementation of FSP APB 14-1

RECONCILIATION OF REPORTED GAAP NET INCOME TO ADJUSTED EBITDA AND ADJUSTED EBITDA EXCLUDING STOCK-BASED COMPENSATION (Q1 09)



(in thousands, except per share data)

	<u>Q1 09</u>
GAAP net income	\$ 9,567
Non-GAAP adjustments:	
Depreciation and amortization expense	8,676
Other (income) expense, net	868
Interest (income) expense, net	6,437
Income tax expense (benefit)	5,380
Acquisition-related charges	2,007
Employee termination and related costs	450
Facility consolidation, manufacturing and distribution transfer and system integration charges	203
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	<u>200</u>
Total of non-GAAP adjustments	24,221
Adjusted EBITDA	\$ 33,788
FAS 123R Stock-based compensation	3,760
Adjusted EBITDA excluding stock-based compensation	\$ 37,548

RECONCILIATION OF REPORTED GAAP NET INCOME TO ADJUSTED NET INCOME (Q1 07 – Q4 07)

(in thousands, except per share data)

	Q1 07	Q2 07	Q3 07	Q4 07	2007
GAAP net income	\$ 7,962	\$ 8,013	\$ 7,079	\$ 2,695	\$ 25,749
Non-GAAP adjustments:					
Acquisition-related charges	-	1,631	1,239	6,831	9,701
Facility consolidation, manufacturing and distribution transfer and system integration charges	499	186	93	328	1,106
Employee termination and related costs	69	(228)	130	(131)	(160)
Charges associated with discontinued or withdrawn product lines	500	956	-	550	2,006
Charges related to restructuring European subsidiaries	-	335	-	-	335
Litigation settlement	-	-	138	-	138
Intangible asset impairments	-	1,014	-	-	1,014
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	-	-	-	1,389	1,389
Non-cash interest expense related to the implementation of FSP APB 14-1	1,924	2,299	4,489	4,652	13,364
Income tax expense (benefit) related to above adjustments and to the cumulative impact of changes in state and foreign income tax rates and certain infrequently occurring items that affected the reported tax rate	(1,174)	(1,852)	(1,836)	(712)	(7,549)
Total of non-GAAP adjustments	1,818	4,341	4,253	12,907	21,344
Adjusted net income	\$ 9,780	\$ 12,354	\$ 11,332	\$ 15,602	\$ 47,093

*Adjusted to reflect the implementation of FSP APB 14-1

RECONCILIATION OF REPORTED GAAP NET INCOME TO ADJUSTED NET INCOME (Q1 08 – Q4 08)

(in thousands, except per share data)

	Q1 08	Q2 08	Q3 08	Q4 08	2008
GAAP net income	\$ 9,050	\$ 12,277	\$ (16,854)	\$ 23,254	\$ 27,727
Non-GAAP adjustments:					
Acquisition-related charges	3,208	453	26,584	2,008	32,253
Facility consolidation, manufacturing and distribution transfer and system integration charges	364	201	238	232	1,035
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	548	493	-	-	1,041
Charges associated with discontinued or withdrawn product lines	-	-	1,207	-	1,207
Charge related to grant of restricted stock units in connection with extension of the term of the CEO's employment agreement	-	-	18,356	-	18,356
Charges related to litigation matters or disputes	-	-	-	437	437
Charges recorded in connection with terminating defined benefit pension plans	-	-	-	372	372
Non-cash interest expense related to the implementation of FSP APB 14-1	4,352	2,661	2,706	2,752	12,471
Income tax expense (benefit) related to above adjustments and to the cumulative impact of changes in state and foreign income tax rates and certain infrequently occurring items that affected the reported tax rate	(3,161)	(2,024)	(18,965)	(3,581)	(24,942)
Income tax expenses or gains related to restructuring European subsidiaries	-	-	-	(9,962)	(9,962)
Total of non-GAAP adjustments	5,311	1,784	30,126	(7,742)	32,268
Adjusted net income	\$ 14,361	14,061	13,272	15,512	59,995

*Adjusted to reflect the implementation of FSP APB 14-1

RECONCILIATION OF REPORTED GAAP EARNINGS PER DILUTED SHARE TO ADJUSTED EARNINGS PER DILUTED SHARE (Q1 09)

(in thousands, except per share data)

	Q1 09
GAAP net income	\$ 9,567
Non-GAAP adjustments:	
Acquisition-related charges	2,007
Facility consolidation, manufacturing and distribution transfer and system integration charges	203
Employee termination and related costs	450
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	350
Charges related to restructuring European subsidiaries	1,876
Gain related to early extinguishment of convertible debt	(1,213)
Non-cash interest expense related to the implementation of FSP APB 14-1	2,762
Income tax expense (benefit) related to above adjustments and to the cumulative impact of changes in state and foreign income tax rates and certain infrequently occurring items that affected the reported tax rate	(2,244)
Total of non-GAAP adjustments	4,191
Adjusted net income	\$ 13,758
Diluted share percentage	99.0%
Net income attributable to diluted shares	\$ 13,620
Weighted average common shares outstanding for net income per diluted share	29,252
GAAP net income per diluted share	\$ 0.32
Non-GAAP adjustments detailed above (per share)	\$ 0.15
Adjusted net income per diluted share	\$ 0.47