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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

COMMISSION FILE NO. 0-26224

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	51-0317849
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of the registrant's Common Stock, $.01 par value, outstanding as of August 7, 2008 was 27,443,469.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Total Revenue	$ 157,198	$ 134,767	$ 313,206	$ 257,799
Costs and Expenses:				
Cost of product revenues	58,159	52,808	120,371	101,385
Research and development	7,793	6,239	15,591	12,299
Selling, general and administrative	63,475	54,980	125,964	104,085
Intangible asset amortization	2,973	3,845	5,946	6,632
Total costs and expenses	132,400	117,872	267,872	224,401
Operating income	24,798	16,895	45,334	33,398
Interest income	444	636	1,131	860
Interest expense	(4,261)	(3,273)	(8,476)	(6,033)
Other income (expense), net	(451)	303	1,056	96
Income before income taxes	20,530	14,561	39,045	28,321
Income tax expense	6,716	5,220	13,666	9,905
Net income	$ 13,814	$ 9,341	$ 25,379	$ 18,416
Basic net income per share	$ 0.50	$ 0.33	$ 0.93	$ 0.65
Diluted net income per share	$ 0.48	$ 0.31	$ 0.90	$ 0.61
Weighted average common shares outstanding:				
Basic	27,662	28,156	27,276	28,371
Diluted	28,580	30,169	28,170	30,189

The accompanying notes are an integral part of these condensed consolidated financial statements.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands)

	June 30, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 77,338	$ 57,339
Trade accounts receivable, net of allowances of $7,947 and $7,816	108,126	103,539
Inventories, net	149,345	144,535
Deferred tax assets	21,214	22,254
Prepaid expenses and other current assets	23,538	12,264
Total current assets	379,561	339,931
Property, plant and equipment, net	63,437	61,730
Intangible assets, net	188,130	195,766
Goodwill	214,478	207,438
Other assets	16,848	13,147
Total assets	$ 862,454	$ 818,012
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Borrowings under senior credit facility	$ 120,000	$ —
Convertible securities	—	119,962
Deferred revenue	2,655	2,901
Accounts payable, trade	26,029	23,232
Accrued expenses and other current liabilities	40,551	45,576
Total current liabilities	189,235	191,671
Long-term convertible securities	330,000	330,000
Deferred tax liabilities	—	16,052
Other liabilities	19,131	19,860
Total liabilities	538,366	557,583
Commitments and contingencies		
Stockholders' Equity:		
Common stock; $.01 par value; 60,000 authorized shares; 33,735 and 32,252 issued at June 30, 2008 and December 31, 2007, respectively	337	323
Additional paid-in capital	422,178	395,266
Treasury stock, at cost; 6,354 shares at June 30, 2008 and December 31, 2007	(252,380)	(252,380)
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	32,006	19,768
Pension liability adjustment, net of tax	(719)	(723)
Retained earnings	122,666	98,175
Total stockholders' equity	324,088	260,429
Total liabilities and stockholders' equity	$ 862,454	$ 818,012

The accompanying notes are an integral part of these consolidated financial statements

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Six Months Ended June 30,	
	2008	2007
OPERATING ACTIVITIES:		
Net income	$ 25,379	$ 18,416
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,044	13,196
Deferred income tax benefit	(1,709)	(3,000)
Amortization of bond issuance costs	1,218	237
Gain on sale of assets	—	(133)
Share-based compensation	7,078	7,182
Excess tax benefits from stock-based compensation arrangements	(659)	(389)
Other, net	18	228
Changes in assets and liabilities, net of business acquisitions:		
Accounts receivable	(3,262)	(4,069)
Inventories	(5,437)	(9,832)
Prepaid expenses and other current assets	(13,387)	1,926
Other non-current assets	(1,185)	4,198
Accounts payable, accrued expenses and other current liabilities	(4,052)	1,466
Income taxes payable	—	(878)
Deferred revenue	(135)	(1,542)
Other liabilities	460	(5,245)
Net cash provided by operating activities	18,371	21,761
INVESTING ACTIVITIES:		
Cash used in business acquisition, net of cash acquired	(33)	(36,055)
Proceeds from sale of assets	—	371
Purchases of property and equipment	(6,103)	(11,066)
Net cash used in investing activities	(6,136)	(46,750)
FINANCING ACTIVITIES:		
Borrowings under senior credit facility	120,000	75,000
Repayment of loans and credit facility	(119,558)	(175,053)
Proceeds from issuance of convertible notes	—	330,000
Proceeds from sale of stock purchase warrants	—	21,662
Purchase option hedge on convertible notes	—	(46,771)
Convertible note issuance costs	—	(9,160)
Proceeds from exercised stock options	3,628	11,837
Excess tax benefits from stock-based compensation arrangements	659	389
Purchases of treasury stock	—	(86,069)
Net cash provided by financing activities	4,729	121,835
Effect of exchange rate changes on cash and cash equivalents	3,035	1,295
Net change in cash and cash equivalents	19,999	98,141
Cash and cash equivalents at beginning of period	57,339	22,697
Cash and cash equivalents at end of period	$ 77,338	$ 120,838

The accompanying notes are an integral part of these condensed consolidated financial statements

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

General

The terms "we," "our," "us," "Company" and "Integra" refer to Integra LifeSciences Holdings Corporation, a Delaware corporation, and its subsidiaries unless the context suggests otherwise.

In the opinion of management, the June 30, 2008 unaudited condensed consolidated financial statements contain all adjustments necessary for a fair statement of the financial position, results of operations and cash flows of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2007 included in the Company's Annual Report on Form 10-K. The December 31, 2007 condensed consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States. Operating results for the six-month period ended June 30, 2008 are not necessarily indicative of the results to be expected for the entire year.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses. Significant estimates affecting amounts reported or disclosed in the consolidated financial statements include allowances for doubtful accounts receivable and sales returns and allowances, net realizable value of inventories, estimates of future cash flows associated with long-lived asset valuations, depreciation and amortization periods for long-lived assets, fair value estimates of stock-based compensation awards, valuation allowances recorded against deferred tax assets, estimates of amounts to be paid to employees and other exit costs to be incurred in connection with the restructuring of our operations and loss contingencies. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the current circumstances. Actual results could differ from these estimates.

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Recently Adopted Accounting Standards

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 159 — The Fair Value Option for Financial Assets and Financial Liabilities ("SFAS 159"). SFAS 159 provides companies an option to report certain financial assets and liabilities at fair value and established presentation and disclosure requirements. The intent of SFAS 159 is to reduce the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. The Company chose not to elect the fair value option for its financial assets and liabilities existing at January 1, 2008, and did not elect the fair value option on financial assets and liabilities transacted during the six months ended June 30, 2008. Therefore, the adoption of SFAS 159 had no impact on the Company's consolidated financial statements.

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157 — Fair Value Measurements ("SFAS 157") for our financial assets and liabilities that are remeasured and reported at fair value at least annually. SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As of June 30, 2008, the Company does not have any assets measured at fair value. The adoption of SFAS 157 to our financial assets and liabilities and non-financial assets and liabilities that are remeasured and reported at fair value at least annually did not have any impact on our financial results.

In accordance with the provisions of FSP No. FAS 157-2 — Effective Date of Financial Accounting Standards Statement No. 157, the Company has elected to defer implementation of SFAS 157 as it relates to our non-financial assets and non-financial liabilities that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis until January 1, 2009. We are evaluating the impact, if any, SFAS 157 will have on our non-financial assets and liabilities.

Recently Issued Accounting Standards

In May 2008, the Financial Accounting Standards Board ("FASB") issued Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion ("FSP APB 14-1"). FSP APB 14-1 requires that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years, however, early adoption is not permitted. Retrospective application to all periods presented is required except for instruments that were not outstanding during any of the periods that will be presented in the annual financial statements for the period of adoption but were outstanding during an earlier period. We are currently assessing the impact of adopting FSP APB 14-1, which we believe will be material to our results of operations.

In March 2008, the FASB issued Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities ("FAS 161"), which is effective January 1, 2009. FAS 161 requires enhanced disclosures about derivative instruments and hedging activities to allow for a better understanding of their effects on an entity's financial position, financial performance, and cash flows. Among other things, FAS 161 requires disclosure of the fair values of derivative instruments and associated gains and losses in a tabular format. Since FAS 161 requires only additional disclosures about our derivatives and hedging activities, the adoption of FAS 161 is not expected to affect our financial position or results of operations.

In December 2007, the FASB issued Statement No. 141(R), Business Combinations ("Statement 141(R)"), a replacement of FASB Statement No. 141. Statement 141(R) is effective for fiscal years beginning on or after December 15, 2008 and applies to all business combinations. Statement 141(R) provides that, upon initially obtaining control of a target, an acquirer shall recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities, with only limited exceptions, even if the acquirer has not acquired 100% of the target. Additionally, Statement 141(R) changes current practice, in part, as follows: (1) contingent consideration arrangements will be fair valued at the acquisition date and included on that basis in the purchase price consideration; (2) transaction costs will be expensed as incurred, rather than capitalized as part of the purchase price; (3) pre-acquisition contingencies, such as legal issues, will generally have to be accounted for in purchase accounting at fair value; and (4) in order to accrue for a restructuring plan in purchase accounting, the requirements in FASB Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities, would have to be met at the acquisition date. While there is no expected material impact to our consolidated financial statements on the accounting for acquisitions completed prior to December 31, 2008, the adoption of Statement 141(R) on January 1, 2009 could materially change the accounting for business combinations consummated subsequent to that date.

In April 2008, the FASB issued FASB Staff Position ("FSP") FAS 142-3, Determination of the Useful Life of Intangible Assets. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142, Goodwill and Other Intangible Assets. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R, and other generally accepted accounting principles ("GAAP"). This FSP is effective for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company is required to adopt FSP, FAS142-3 for the fiscal year beginning January 1, 2009. Management does not anticipate that the adoption of this FSP will have a material impact on the Company's financial statements.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162 ("SFAS 162"), The Hierarchy of Generally Accepted Accounting Principles. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the

preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP in the United States. Any effect of applying the provisions of SFAS 162 shall be reported as a change in accounting principle in accordance with Statement of Financial Accounting Standards No. 154, Accounting Changes and Error Corrections. SFAS 162 is effective 60 days following approval by the Securities and Exchange Commission of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. Management does not anticipate that the adoption of SFAS 162 will have a material impact on the Company's financial statements.

In June 2008, the FASB issued Staff Position EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities ("FSP EITF 03-6-1"), which is effective January 1, 2009. FSP EITF 03-6-1 clarifies that share-based payment awards that entitle holders to receive nonforfeitable dividends before they vest will be considered participating securities and included in the basic earnings per share calculation. The Company is assessing the impact of adoption of FSP EITF 03-6-1 on its results of operations.

2. BUSINESS ACQUISITIONS

Precise Dental

In December 2007 we acquired all of the outstanding stock of the Precise Dental family of companies ("Precise") for $10.5 million in cash, subject to certain adjustments, and acquisition expenses of $292,000. The Precise Dental family of companies develop, manufacture, procure, market and sell endodontic materials and dental accessories, including the manufacture of absorbable paper points, gutta percha and dental mirrors. Together these companies have procurement and distribution operations in Canoga Park, California and manufacturing operations at multiple locations in Mexico.

The following summarizes the preliminary allocation of the purchase price based on fair value of the assets acquired and liabilities assumed (in thousands):

Cash	$ 25	
Inventory	3,243	
Accounts receivable	820	
Other current assets	65	
Property, plant and equipment	603	
Other assets	10	
Intangible assets:		Wtd. Avg. Life
Technology	421	15 years
Customer relationships	2,971	15 years
Noncompetition agreements	100	5 years
Trade name	142	20 years
Goodwill	4,590	
Total assets acquired	12,990	
Accounts payable and other current liabilities	573	
Deferred tax liability	1,625	
Total liabilities assumed	2,198	
Net assets acquired	$ 10,792	

Management determined the preliminary fair value of assets acquired during the fourth quarter 2007. The goodwill recorded in connection with this acquisition is based on the benefits the Company expects to generate from Precise's future cash flows. Certain elements of the purchase price allocation are considered preliminary, particularly as they relate to the final valuation of certain identifiable intangible assets and deferred income taxes. Additional changes are not expected to be significant as the allocations are finalized.

IsoTis, Inc.

In October 2007, we acquired all of the outstanding stock of IsoTis, Inc. and subsidiaries ("IsoTis") for $64.0 million in cash, subject to certain adjustments, and acquisition expenses of $4.7 million. IsoTis is based in Irvine, California. IsoTis develops, manufactures and markets proprietary products for the treatment of musculoskeletal diseases and disorders. IsoTis' current orthobiologics products are bone graft substitutes that promote the regeneration of bone and are used to repair natural, trauma-related and surgically-created defects common in orthopedic procedures, including spinal fusions.

The following summarizes the preliminary purchase price based on the fair value of the assets acquired and liabilities assumed (in thousands):

Cash	$ 10,666	
Inventory	17,796	
Other current assets	10,502	
Property and equipment, net	3,841	
Intangible assets:		Wtd. Avg. Life
Developed product technology — Generation I	3,400	10 years
Developed product technology — Generation II	11,000	15 years
In-process research and development	4,600	Expensed immediately
Goodwill	27,848	
Other assets	500	
Total assets acquired	90,153	
Current liabilities	16,232	
Deferred revenue and other liabilities	5,256	
Total liabilities	21,488	
Net assets acquired	$ 68,665	

Management determined the preliminary fair value of assets acquired during the fourth quarter 2007. The in-process research and development has not yet reached technological feasibility and has no alternative future use at the date of acquisition. The Company recorded an in-process research and development charge of $4.6 million in the fourth quarter of 2007 in connection with this acquisition, which was included in research and development expense. The goodwill recorded in connection with this acquisition is based on the benefits the Company expects to generate from IsoTis' future cash flows. Certain elements of the purchase price allocation are considered preliminary, particularly as they relate to the final valuation of certain identifiable intangible assets, deferred taxes and final assessment of certain pre-acquisition tax and other contingencies. Additional changes are not expected to be significant as the allocations are finalized.

Physician Industries

In May 2007, we acquired certain assets of the pain management business of Physician Industries, Inc. ("Physician Industries") for approximately $4.0 million in cash, subject to certain adjustments, and acquisition expenses of $74,000. In addition, we may pay additional amounts over the next four years depending on the performance of the business. Physician Industries, located in Salt Lake City, Utah, assembles, markets, and sells a comprehensive line of pain management products for acute and chronic pain, including customized trays for spinal, epidural, nerve block, and biopsy procedures.

LXU Healthcare, Inc.

In May 2007, we acquired the shares of LXU Healthcare, Inc. ("LXU") for $30.0 million in cash paid at closing and $0.5 million of acquisition-related expenses. LXU is operated as part of our surgical instruments business.

DenLite

On January 3, 2007, the Company's subsidiary Miltex, Inc. acquired the DenLite product line from Welch Allyn in an asset purchase for $2.2 million in cash paid at closing and $35,000 of acquisition-related expenses. This transaction was treated as a business combination. DenLite is a lighted mouth mirror used in dental procedures.

The following unaudited pro forma financial information summarizes the results of operations for the three months and six months ended June 30, 2007 as if the acquisitions completed by the Company during 2007 had been completed as of the beginning of 2007. The pro forma results are based upon certain assumptions and estimates, and they give effect to actual operating results prior to the acquisitions and adjustments to reflect increased interest expense, depreciation expense, intangible asset amortization, and income taxes at a rate consistent with the Company's statutory rate. No effect has been given to cost reductions or operating synergies. As a result, these pro forma results do not necessarily represent results that would have occurred if the acquisitions had taken place on the basis assumed above, nor are they indicative of the results of future combined operations.

(in thousands, except per share amounts)	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
Total Revenue	$ 154,294	$ 302,097
Net income	$ 8,689	$ 11,693
Net income per share: Basic		
Basic	$ 0.30	$ 0.41
Diluted	$ 0.29	$ 0.39

3. INVENTORIES

Inventories, net consisted of the following:

	June 30, 2008	December 31, 2007
	(In thousands)	
Finished goods	$ 102,528	$ 103,172
Work in process	30,566	27,812
Raw materials	41,350	37,639
Less reserves	(25,099)	(24,088)
	$ 149,345	$ 144,535

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the six months ended June 30, 2008, were as follows:

Balance at December 31, 2007	$207,438
Purchase price allocation adjustments	2,023
Foreign currency translation	5,017
Balance at June 30, 2008	$214,478

The Company's assessment of the recoverability of goodwill is based upon a comparison of the carrying value of goodwill with its estimated fair value, determined using a discounted cash flow methodology. This test was performed during the second quarter 2008 and resulted in no impairment for any of the periods presented.

The components of the Company's identifiable intangible assets were as follows (in thousands):

	Weighted Average Life	June 30, 2008 Cost	June 30, 2008 Accumulated Amortization	June 30, 2008 Net	December 31, 2007 Cost	December 31, 2007 Accumulated Amortization	December 31, 2007 Net
Completed technology	13 years	$ 52,086	$ (14,008)	$ 38,078	$ 51,673	$ (11,663)	$ 40,010
Customer relationships	12 years	76,110	(21,762)	54,348	75,719	(17,548)	58,171
Trademarks/brand names	34 years	36,082	(5,934)	30,148	36,069	(5,202)	30,867
Trademarks/brand names	Indefinite	36,300	—	36,300	36,300	—	36,300
Noncompetition agreement	5 years	6,559	(5,167)	1,392	6,504	(4,486)	2,018
Supplier relationships	30 years	29,300	(2,080)	27,220	29,300	(1,595)	27,705
All other	15 years	1,531	(887)	644	1,531	(836)	695
		$237,968	$ (49,838)	$188,130	$237,096	$ (41,330)	$195,766

Annual amortization expense is expected to approximate $16.6 million in 2008, $15.2 million in 2009, $13.4 million in 2010, $13.3 million in 2011, and $12.6 million in 2012. Identifiable intangible assets are initially recorded at fair market value at the time of acquisition generally using an income or cost approach.

5. RESTRUCTURING ACTIVITIES

In connection with the IsoTis acquisition, the Company announced plans to restructure the Company's European operations. The restructuring plan includes closing the IsoTis facilities in Lausanne, Switzerland and Bilthoven, Netherlands, eliminating various positions in Europe and reducing various duplicative positions in Irvine, California.

In connection with the Precise acquisition the Company announced plans to restructure the Company's procurement and distribution operations by closing the Precise facility in Canoga Park, California. The Company will integrate the procurement and distribution operations into its York, Pennsylvania dental operations.

In connection with these restructuring activities, the Company has recorded the following charges during the three and six months ended June 30, 2008 (in thousands):

	Cost of Sales	Research and Development	Selling General and Administrative	Total
Involuntary employee termination costs:				
Three months ended June 30, 2008	$ —	$ —	$ 12	$ 12
Six months ended June 30, 2008	$ (47)	$ —	$ 25	$ (22)
Facility exit costs:				
Three months ended June 30, 2008	$ —	$ —	$ —	$ —
Six months ended June 30, 2008	$ 129	$ —	$ 234	$363

The Company recorded net reversals of previously recorded provisions based on the final settlement of those obligations during the second quarter. Below is a reconciliation of the restructuring accrual activity recorded through June 30, 2008 (in thousands):

	Employee Termination Costs	Facility Exit Costs	Total
Balance at December 31, 2007	$ 615	$ 625	$ 1,240
Additions	98	219	317
Change in estimate	(120)	144	24
Payments	(145)	(685)	(830)
Acquired through acquisitions	—	—	—
Effects of foreign exchange	6	—	6
Balance at June 30, 2008	$ 454	$ 303	$ 757

The Company expects to pay all of the remaining employee termination costs by the end of 2008.

6. DEBT

2008 Contingent Convertible Subordinated

The Company was required to make interest payments on its $120 million contingent convertible subordinated notes (the "2008 Notes") at an annual rate of 2.5% each September 15 and March 15. The Company paid contingent interest on the 2008 Notes approximating $1.8 million during the quarter ended March 31, 2008. The contingent interest paid was for each of the last three years the 2008 Notes remained outstanding in an amount equal to the greater of (1) 0.50% of the face amount of the 2008 Notes and (2) the amount of regular cash dividends paid during each such year on the number of shares of common stock into which each 2008 Note was convertible. Holders of the 2008 Notes could convert the 2008 Notes under certain circumstances, including when the market price of its common stock on the previous trading day was more than $37.56 per share, based on an initial conversion price of $34.15 per share. As of June 30, 2008, all of the 2008 Notes had been converted to common stock or cash.

The 2008 Notes were general, unsecured obligations of the Company and were subordinate to any senior indebtedness. The Company could not redeem the 2008 Notes prior to their maturity, and the 2008 Notes' holders could have compelled the Company to repurchase the 2008 Notes upon a change of control. On March 5, 2008 the Company borrowed $120 million under its senior secured revolving credit facility. The Company used these funds to repay the 2008 Notes upon conversion or maturity. As a result of the conversions, the Company issued 768,221 shares of the Company's common stock. There were no financial covenants associated with the convertible 2008 Notes.

In conjunction with the 2008 Notes, the Company had previously recognized a deferred tax liability related to the conversion feature of the debt. As a result of the repayment of the 2008 Notes, the Company reversed the remaining balance of the deferred tax liability which resulted in the recognition of a $2.4 million valuation allowance on a deferred tax asset, a $4.8 million increase to current income taxes payable and $11.4 million of additional paid-in capital for the six months ended June 30, 2008.

2010 and 2012 Senior Convertible Notes

On June 11, 2007, the Company issued $165 million aggregate principal amount of its 2.75% Senior Convertible Notes due 2010 (the "2010 Notes") and $165 million aggregate principal amount of its 2.375% Senior Convertible Notes due 2012 (the "2012 Notes" and together with the 2010 Notes, the "Notes"). The 2010 Notes and the 2012 Notes bear interest at a rate of 2.75% per annum and 2.375% per annum, respectively, in each case payable semi-annually in arrears on December 1 and June 1 of each year. The fair value of the 2010 Notes and the 2012 Notes at June 30, 2008 was approximately $164.8 million and $160.2 million, respectively. The Notes are senior, unsecured obligations of the Company, and are convertible into cash and, if applicable, shares of its common stock based on an initial conversion rate, subject to adjustment, of 15.0917 shares per $1,000 principal amount of notes for the 2010 Notes and 15.3935 shares per $1,000 principal amount of

notes for the 2012 Notes (which represents an initial conversion price of approximately $66.26 per share and approximately $64.96 per share for the 2010 Notes and the 2012 Notes, respectively.) The Company will satisfy any conversion of the Notes with cash up to the principal amount of the applicable series of the Notes pursuant to the net share settlement mechanism set forth in the applicable indenture and, with respect to any excess conversion value, with shares of the Company's common stock. The Notes are convertible only in the following circumstances: (1) if the closing sale price of the Company's common stock exceeds 130% of the conversion price during a period as defined in the applicable indenture; (2) if the average trading price per $1,000 principal amount of the Notes is less than or equal to 97% of the average conversion value of the Notes during a period as defined in the applicable indenture; (3) at any time on or after December 15, 2009 (with respect to the 2010 Notes) or anytime after December 15, 2011 (with respect to the 2012 Notes); or (4) if specified corporate transactions occur. The issue price of the Notes was equal to their face amount, which is also the amount holders are entitled to receive at maturity if the Notes are not converted. As of June 30, 2008, none of these conditions existed and, as a result, the $330 million balance of the 2010 Notes and the 2012 Notes is classified as long-term.

Holders of the Notes, who convert their notes in connection with a qualifying fundamental change, as defined in the applicable indenture, may be entitled to a make-whole premium in the form of an increase in the conversion rate. Additionally, following the occurrence of a fundamental change, holders may require that the Company repurchase some or all of the Notes for cash at a repurchase price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest, if any.

The Notes, under the terms of the private placement agreement, are guaranteed fully by Integra LifeSciences Corporation, a subsidiary of the Company. The 2010 Notes rank equal in right of payment to the 2012 Notes. The Notes will be the Company's direct senior unsecured obligations and rank equal in right of payment to all of the Company's existing and future unsecured and unsubordinated indebtedness.

In connection with the issuance of the Notes, the Company entered into call transactions and warrant transactions, primarily with affiliates of the initial purchasers of the Notes (the "hedge participants"). The cost of the call transactions to the Company was approximately $46.8 million. The Company received approximately $21.7 million of proceeds from the warrant transactions. The call transactions involve the Company's purchasing call options from the hedge participants, and the warrant transactions involve the Company's selling call options to the hedge participants with a higher strike price than the purchased call options.

The initial strike price of the call transactions is (1) for the 2010 Notes, approximately $66.26 per share of Common Stock, and (2) for the 2012 Notes, approximately $64.96, in each case subject to anti-dilution adjustments substantially similar to those in the Notes. The initial strike price of the warrant transactions is (x) for the 2010 Notes, approximately $77.96 per share of Common Stock and (y) for the 2012 Notes, approximately $90.95, in each case subject to customary anti-dilution adjustments, substantially similar to those in the Notes.

Senior Secured Revolving Credit Facility

On March 5, 2008, the Company borrowed $120.0 million under its $300 million five-year senior secured revolving credit facility and as of June 30, 2008 had $120.0 million of outstanding borrowings under this credit facility. The outstanding borrowings have one-month interest periods. The weighted average interest rate of the outstanding borrowings is approximately 3.46%. The Company used a portion of these borrowings to repay approximately $3.3 million of related accrued and contingent interest during the month of March 2008. The remaining proceeds from this borrowing along with existing funds (for an aggregate amount of approximately $119.4 million) were used to repay the 2008 Notes in the second quarter of 2008. The Company regularly borrows under the credit facility and makes payments each month with respect thereto and considers such outstanding amounts to be short-term in nature based on its current intent. If additional borrowings are made in connection with, for instance, future acquisitions, this could impact the timing of when the Company intends to repay amounts under this credit facility which runs through December 2011.

7. STOCK-BASED COMPENSATION

As of June 30, 2008, the Company had stock options, restricted stock awards, performance stock awards, contract stock awards and restricted stock unit awards outstanding under seven plans: (i) the 1993 Incentive Stock Option and Non-Qualified Stock Option Plan (the "1993 Plan"), (ii) the 1996 Incentive Stock Option and Non-Qualified Stock Option Plan (the "1996 Plan"), (iii) the 1998 Stock Option Plan (the "1998 Plan"), (iv) the 1999 Stock Option Plan (the "1999 Plan"), (v) the 2000 Equity Incentive Plan (the "2000 Plan"), (vi) the 2001 Equity Incentive Plan (the "2001 Plan"), and (vii) the 2003 Equity Incentive Plan (the "2003 Plan", and collectively, the "Plans"). No awards may be granted under the 1993 Plan or the 1996 Plan.

Stock options issued under the Plans become exercisable over specified periods, generally within four years from the date of grant for officers, employees and consultants, and generally expire six years from the grant date. The transfer and non-forfeiture provisions of restricted stock issued under the Plans lapse over specified periods, generally three years after the date of grant.

Stock Options

The Company did not grant any stock options during the six months ended June 30, 2008 and June 30, 2007. As of June 30, 2008, there were approximately $9.2 million of total unrecognized compensation costs related to unvested stock options. These costs were expected to be recognized over a weighted-average period of approximately 2.2 years. The Company was entitled to receive proceeds of $4.1 million and $11.8 million from stock option exercises for the six months ended June 30, 2008 and 2007, respectively.

During the three months ended June 30, 2008, the Company identified certain options that had previously been granted to individuals who are not considered employees and had not been accounted for under the guidance prescribed in EITF 96-18, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services. The Company recorded an adjustment to revise retained earnings and additional paid-in-capital by approximately $900,000 to reflect the impact of previously unrecognized compensation expense associated with certain non-employee option grants between 1998 and 2004. This adjustment is immaterial to the current period and each of the prior affected periods.

Awards of Restricted Stock, Performance Stock and Contract Stock

Performance stock awards have performance features associated with them. Performance stock, restricted stock and contract stock awards generally have requisite service periods of three years. The fair value of these awards is being expensed on a straight-line basis over the vesting period. As of June 30, 2008, there were approximately $9.2 million of total unrecognized compensation costs related to unvested awards. These costs were expected to be recognized over a weighted-average period of approximately 1.8 years.

The Company has no formal policy related to the repurchase of shares for the purpose of satisfying stock-based compensation obligations. Independent of these programs, the Company does have a practice of repurchasing shares, from time to time, in the open market.

The Company also maintains an Employee Stock Purchase Plan (the "ESPP"), which provides eligible employees of the Company with the opportunity to acquire shares of common stock at periodic intervals by means of accumulated payroll deductions. The ESPP was amended in 2005 to eliminate the look-back option and to reduce the discount available to participants to five percent. Accordingly, the ESPP is a non-compensatory plan under FASB Statement No. 123(R), Share-Based Payments.

8. RETIREMENT BENEFIT PLANS

The Company has pension plans covering certain former U.S. employees of Miltex, as well as certain UK employees and former employees in Germany. Net periodic benefit costs for the Company's defined benefit pension plans included the following amounts (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Service cost	$ 72	$ 60	$ 143	$ 102
Interest cost	361	231	721	394
Expected return on plan assets	(307)	$ (199)	$ (612)	$ (340)
Recognized net actuarial loss	6	99	11	169
Net period benefit cost	$ 132	$ 191	$ 263	$ 325

The Company made $255,000 and $190,000 of contributions to its defined benefit pension plans for the six months ended June 30, 2008 and 2007, respectively.

9. COMPREHENSIVE INCOME

Comprehensive income was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net Income	$ 13,814	$ 9,341	$ 25,379	$ 18,416
Foreign currency translation adjustment	2,108	2,700	12,238	4,248
Comprehensive income	$ 15,922	$ 12,041	$ 37,617	$ 22,664

10. NET INCOME PER SHARE

Basic and diluted net income per share was as follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Basic net income per share:				
Net Income	$ 13,814	$ 9,341	$ 25,379	$ 18,416
Weighted average common shares outstanding	27,662	28,156	27,276	28,371
Basic net income per share	$ 0.50	$ 0.33	$ 0.93	$ 0.65
Diluted net income per share:				
Net income	$ 13,814	$ 9,341	$ 25,379	$ 18,416
Add back: Interest expense and other income/(expense) related to convertible notes payable, net of tax	—	2	—	5
Net income available to common stock	$ 13,814	$ 9,343	$ 25,379	$ 18,421
Weighted average common shares outstanding — Basic	27,662	28,156	27,276	28,371
Effect of dilutive securities:				
Stock options and restricted stock	918	985	894	917
Shares issuable upon conversion of notes payable	—	1,028	—	901
Weighted average common shares for diluted earnings per share	28,580	30,169	28,170	30,189
Diluted net income per share	$ 0.48	$ 0.31	$ 0.90	$ 0.61

Options outstanding to acquire approximately 0.5 million shares of common stock at each of June 30, 2008 and 2007 were excluded from the computation of diluted net income per share for the six months ended June 30, 2008 and 2007 because the effect would be anti-dilutive. There were no options outstanding to acquire shares for the three months ended June 30, 2008 excluded from the computation of diluted net income per share. Options outstanding at June 30, 2007 to acquire approximately 0.3 million shares of common stock were excluded from the computation of diluted net income per share for the three months ended June 30, 2007 because the effect would be anti-dilutive.

11. SEGMENT AND GEOGRAPHIC INFORMATION

The Company's management reviews financial results and manages the business on an aggregate basis. Accordingly, we report our financial results under a single operating segment: the development, manufacturing and distribution of medical devices.

The Company presents its revenues in two categories: Neurosurgical and Orthopedic Implants, and Medical Surgical Equipment. The Company's revenues were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Revenues:				
Medical surgical equipment and other	$ 89,496	$ 85,359	$ 177,904	$ 161,304
Neurosurgical and orthopedic implants	67,702	49,408	135,302	96,495
Total Revenues	$ 157,198	$ 134,767	$ 313,206	$ 257,799

Certain of the Company's products, including the DuraGen® and NeuraGen™ product families and the INTEGRA® Dermal Regeneration Template and wound-dressing products, contain material derived from bovine tissue. Products that contain materials derived from animal sources, including food as well as pharmaceuticals and medical devices, are increasingly subject to scrutiny from the press and regulatory authorities. These products constituted 22% and 25% of total revenues in each of the three-month periods ended June 30, 2008 and 2007, respectively, and 22% and 25% of total revenues in each of the six-month periods ending June 30, 2008 and 2007, respectively. Accordingly, a widespread public controversy concerning collagen products, new regulation, or a ban of the Company's products containing material derived from bovine tissue could have a material adverse effect on the Company's current business or its ability to expand its business.

Total revenues by major geographic area are summarized below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
United States	$ 115,754	$ 101,664	$ 229,129	$ 192,742
Europe	25,937	23,552	52,599	44,721
Asia Pacific	6,142	4,789	13,361	10,589
Other Foreign	9,365	4,762	18,117	9,747
Total	$ 157,198	$ 134,767	$ 313,206	$ 257,799

The Company classifies its revenue by major geographic area based on the customer location receiving the product shipment.

12. COMMITMENTS AND CONTINGENCIES

In consideration for certain technology, manufacturing, distribution and selling rights, and licenses granted to the Company, the Company has agreed to pay royalties on the sales of products that are commercialized relative to the granted rights and licenses. Royalty payments under these agreements by the Company were not significant for any of the periods presented.

Various lawsuits, claims and proceedings are pending or have been settled by the Company. The most significant of those are described below.

In May 2006, Codman & Shurtleff, Inc., a division of Johnson & Johnson, commenced an action in the United States District Court for the District of New Jersey for declaratory judgment against the Company with respect to United States Patent No. 5,997,895 (the "'895 Patent") held by the Company. The Company's patent covers dural repair technology related to the Company's DuraGen® family of duraplasty products.

The action seeks declaratory relief that Codman's DURAFORM® product does not infringe the Company's patent and that the Company's patent is invalid. Codman does not seek either damages from the Company or injunctive relief to prevent the Company from selling the DuraGen® Dural Graft Matrix. The Company has filed a counterclaim against Codman, alleging that Codman's DURAFORM®

product infringes the '895 Patent, seeking injunctive relief preventing the sale and use of DURAFORM®, and seeking damages, including treble damages, for past infringement.

In addition to these matters, we are subject to various claims, lawsuits and proceedings in the ordinary course of our business, including claims by current or former employees, distributors and competitors and with respect to our products. In the opinion of management, such claims are either adequately covered by insurance or otherwise indemnified, or are not expected, individually or in the aggregate, to result in a material adverse effect on our financial condition. However, it is possible that our results of operations, financial position and cash flows in a particular period could be materially affected by these contingencies.

The Company accrues for loss contingencies in accordance with SFAS 5; that is, when it is deemed probable that a loss has been incurred and that loss is estimable. The amounts accrued are based on the full amount of the estimated loss before considering insurance proceeds, and do not include an estimate for legal fees expected to be incurred in connection with the loss contingency. The Company consistently accrues legal fees expected to be incurred in connection with loss contingencies as those fees are incurred by outside counsel as a period cost, as permitted by EITF Topic D-77.

13. SUBSEQUENT EVENTS

On August 1, 2008, the Company acquired Theken Spine, LLC, Theken Disc, LLC and Therics, LLC (together "Theken") for $75 million in cash at closing, subject to certain adjustments, and up to $125 million in future payments based on the performance of the business after closing. The future payments will be tied to revenues of the Theken business during a two-year period following the closing.

On July 28, 2008, the Company borrowed $80 million under our senior secured revolving credit facility to fund the Theken acquisition and for other general corporate purposes. As a result of this borrowing, the Company had $200 million of outstanding borrowings under our credit facility as of the date of this filing.

On August 6, 2008, the Company and Stuart M. Essig entered into Amendment 2008-2 (the "Amendment") to Mr. Essig's Second Amended and Restated Employment Agreement with the Company, dated as of July 27, 2004. The Amendment extends the term of Mr. Essig's employment until December 31, 2011 and provides for automatic one-year extensions thereafter. The Amendment also provides that Mr. Essig will receive (i) a grant of 375,000 restricted stock units ("RSUs") on the effective date of the Amendment; (ii) a non-qualified stock option to purchase 125,000 shares of Company common stock to be granted on the first day on which the Company trading window opens following the effective date of the Amendment and (iii) annual grants during the term, commencing in December 2008, of between 75,000 and 100,000 RSUs or performance shares. As the 375,000 RSUs vest at the grant date, a charge of approximately $18.0 million is to be recognized upon issuance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes thereto appearing elsewhere in this report and our consolidated financial statements for the year ended December 31, 2007 included in our Annual Report on Form 10-K.

We have made statements in this report which constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks, uncertainties and assumptions about the Company. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those set forth above under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2007 and in subsequent Quarterly Reports on Form 10-Q.

You can identify these forward-looking statements by forward-looking words such as "believe," "may," "could," "will," "estimate," "continue," "anticipate," "intend," "seek," "plan," "expect," "should," "would" and similar expressions in this report.

GENERAL

Integra is a market-leading, innovative medical device company focused on helping the medical professional enhance the standard of care for patients. Integra provides customers with clinically relevant, innovative and cost-effective products that improve the quality of life for patients. We focus on cranial and spinal procedures, small bone and joint injuries, the repair and reconstruction of soft tissue, and instruments for surgery.

Our distribution channels include three main sales organizations (Integra NeuroSpine, Integra Extremity Reconstruction, and Integra Medical Instruments) and strategic alliances. We have direct sales forces and dealer networks managed by a direct sales organization in the United States. Outside of the United States, we sell our products directly through sales representatives in major European markets and through stocking distributors elsewhere. We generally invest substantial resources and management effort to develop our sales organizations, and we believe that we compete very effectively in this aspect of our business.

We present revenues in two categories: Neurosurgical and Orthopedic Implants, and Medical Surgical Equipment. Our Neurosurgical and Orthopedic Implants product group includes the following: dural grafts that are indicated for the repair of the dural matter; bone graft substitutes that promote the regeneration of bone; dermal regeneration and engineered wound dressings; implants used in small bone and joint fixation and repair of peripheral nerves; hydrocephalus management; and implants used in bone regeneration and in guided tissue regeneration in periodontal surgery. Our Medical Surgical Equipment product group includes the following: ultrasonic surgery systems for tissue ablation; cranial stabilization and brain retraction systems; instrumentation used in general, neurosurgical, spinal, plastic and reconstructive surgery and dental procedures; systems for the measurement of various brain parameters; specialty surgical lighting systems; and devices used to gain access to the cranial cavity and to drain excess cerebrospinal fluid from the ventricle of the brain.

We manage these product groups and distribution channels on a centralized basis. Accordingly, we report our financial results under a single operating segment: the development, manufacturing and distribution of medical devices.

We manufacture many of our products in various plants located in the United States, Puerto Rico, France, Germany, Ireland, the United Kingdom and Mexico. We also source most of our hand-held surgical instruments and orthopedic implants through specialized third-party vendors.

We believe that we have a particular advantage in the development, manufacture and sale of specialty tissue repair products derived from bovine collagen. Products that contain materials derived from animal sources, including food as well as pharmaceuticals and medical devices, are increasingly subject to scrutiny from the media and regulatory authorities. These products comprised 22% and 25% of total revenues in each of the six-month periods ended June 30, 2008 and June 30, 2007, respectively. Accordingly, widespread public controversy concerning

collagen products, new regulation, or a ban of our products containing material derived from bovine tissue, could have a material adverse effect on our current business and our ability to expand our business.

Our objective is to continue to build a customer-focused and profitable medical device company by developing or acquiring innovative medical devices and other products to sell through our sales channels. Our strategy therefore entails substantial growth in revenues through both internal means — through launching new and innovative products and selling existing products more intensively — and by acquiring existing businesses or already successful product lines.

We aim to achieve this growth in revenues while maintaining strong financial results. While we pay attention to any meaningful trend in our financial results, we pay particular attention to measurements that are indicative of long-term profitable growth. These measurements include revenue growth (derived through acquisitions and products developed internally), gross margins on total revenues, operating margins (which we aim to continually expand on as we leverage our existing infrastructure), and earnings per diluted share of common stock.

ACQUISITIONS

Our strategy for growing our business includes the acquisition of complementary product lines and companies. Our recent acquisitions of businesses, assets and product lines may make our financial results for the six months ended June 30, 2008 not directly comparable to those of the corresponding prior-year period. See Note 2 to the unaudited condensed consolidated financial statements for a further discussion.

RESULTS OF OPERATIONS

Net income for the three months ended June 30, 2008 was $13.8 million, or $0.48 per diluted share, as compared with net income of $9.3 million, or $0.31 per diluted share, for the three months ended June 30, 2007.

Net income for the six months ended June 30, 2008 was $25.4 million, or $0.90 per diluted share, as compared with net income of $18.4 million, or $0.61 per diluted share, for the six months ended June 30, 2007.

Executive Summary

The increase in net income for the three months ended June 30, 2008 over the prior year period resulted primarily from a 17% increase in revenues, an improvement in gross margin percentage from 60.8% in the 2007 period to 63.0% in 2008, reductions in each of general and administrative expenses and amortization expense as a percentage of revenue, and a reduction in the effective tax rate as a percentage of income before taxes from 35.8% during the 2007 period to 32.7% in the second quarter of 2008.

The increase in net income for the six months ended June 30, 2008 over the prior year period resulted primarily from a 21% increase in revenues, an improvement in gross margin percentage from 60.6% in the 2007 period to 61.6% in 2008 and a reduction in amortization expense as a percentage of revenue.

Our costs and expenses include the following charges (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Acquisition-related charges	$ 453	$ 1,631	$ 3,661	$ 1,631
Facility consolidation, manufacturing transfer and System integration charges	201	186	565	685
Employee termination and related costs	—	(228)	—	(159)
Charges associated with discontinued or withdrawn product lines	—	956	—	1,456
Intangible asset impairments	—	1,014	—	1,014
Charges related to restructuring European subsidiaries	—	335	—	335
Incremental professional and bank fees related to the delayed 10-K filing	493	—	1,041	—
Total	$ 1,147	$ 3,894	$ 5,267	$ 4,962

Of these amounts, $4.1 million and $3.5 million were charged to cost of product revenues in the six-month periods ended June 30, 2008 and 2007, respectively. The remaining amounts, except for intangible asset amortization, were charged to selling, general and administrative expenses.

Employee termination and related costs for the 2007 periods reflect the reversal of previously recorded accruals for anticipated terminations as a result of changes in estimates during the second quarter 2007. Charges associated with discontinued or withdrawn product lines reflect the discontinuation of certain dural repair products. Intangible asset impairments include termination of various trademarks for various products, which will now be re-branded as part of Integra Pain Management, and the impairment of certain other technology and trademarks based on business and operating decisions during the second quarter.

We believe that, given our strategy of seeking new acquisitions and integrating recent acquisitions, our current focus on rationalizing our existing manufacturing and distribution infrastructure, our recent review of various product lines in relation to our current business strategy, and a renewed focus on enterprise business systems integrations, charges similar to those discussed above could recur with similar materiality in the future. We believe that the delineation of these costs provides useful information to measure the comparative performance of our business operations across reporting periods.

Revenues and Gross Margin on Product Revenues

Our revenues and gross margin on product revenues were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Medical Surgical Equipment and other	$ 89,496	$ 85,359	$177,904	$161,304
Neurosurgical and Orthopedic Implants	67,702	49,408	135,302	96,495
Total revenue	157,198	134,767	313,206	257,799
Cost of product revenues	58,159	52,808	120,371	101,385
Gross margin on total revenues	$ 99,039	$ 81.959	$192,835	$156,414
Gross margin as a percentage of total revenues	63%	61%	62%	61%

THREE MONTHS ENDED JUNE 30, 2008 AS COMPARED TO THREE MONTHS ENDED JUNE 30, 2007

Revenues and Gross Margin

For the three months ended June 30, 2008, total revenues increased by $22.4 million, or 17%, to $157.2 million from $134.8 million for the same period during 2007. Domestic revenues increased by $14.1 million to $115.8 million, or 74% of total revenues, for the three months ended June 30, 2008 from $101.7 million, or 75% of total revenues, for the three months ended June 30, 2007. International revenues increased to $41.4 million from $33.1 million in the prior-year period, an increase of 25%.

In the Neurosurgical and Orthopedic Implants category, sales of our DuraGen® family of products, extremity reconstruction implants, private label infection control products and bone growth products led the revenue growth. Growth in dermal repair products and sales of products for the foot and ankle accounted for much of the increase in implant product revenues. IsoTis products contributed $10.1 million of revenues in the second quarter of 2008.

In the Medical Surgical Equipment category, acquired products and neurosurgical systems provided most of the year-over-year growth. LXU Healthcare products, Physician Industries products and Precise Dental products (all acquired in 2007) contributed $11.2 million of sales in the second quarter of 2008, compared to $7.5 million for the same period in 2007.

Included in revenues are royalties of $3.1 million and $5.8 million, respectively, for the three and six months ended June 30, 2008 and $2.9 million and $5.1 million for the three and six months ended June 30, 2007.

We have generated our product revenue growth through acquisitions, new product launches and increased direct sales and marketing efforts both domestically and in Europe. We expect that our expanded domestic sales force, the continued implementation of our direct sales strategy in Europe and sales of internally developed and acquired products will drive our future revenue growth. We also intend to continue to acquire businesses that complement our existing businesses and products. Many of our recent acquisitions involve businesses or product lines that overlap in some way with our existing products. Our sales and marketing departments are integrating these acquisitions, and, as a result, there has been, and we expect there will continue to be, some negative effect on sales of our existing products that will affect our internal growth.

Gross margin increased by $17.0 million to $99.0 million for the three months ended June 30, 2008, from $82.0 million for the same period last year. Gross margin as a percentage of total revenue is 63% for the second quarter 2008, compared to 61% for second quarter 2007.

Other Operating Expenses

The following is a summary of other operating expenses as a percent of total revenues (in thousands):

	Three Months Ended June 30,	
	2008	2007
Research and development	5%	4%
Selling, general and administrative	40%	41%
Intangible asset amortization	2%	3%
Total other operating expenses	47%	48%

Total other operating expenses, which consist of research and development expenses, selling, general and administrative expenses, and amortization expenses, increased $9.1 million, or 14%, to $74.2 million in the second quarter of 2008, compared to $65.1 million in the second quarter of 2007. Research and development expenses in the second quarter of 2008 increased by $1.6 million to $7.8 million, compared to $6.2 million in the same period last year. In 2008, we increased spending on our biomaterial development programs.

In 2008, we expect our research and development expenses to increase as we increase expenditures on research and clinical activities. These activities will be directed toward expanding the indications for use of our absorbable implant technology products, including a multi-center clinical trial in connection with a proposed application to the FDA for approval of our DuraGen Plus® Adhesion Barrier Matrix product in the United States.

Selling, general and administrative expenses in the second quarter of 2008 increased by $8.5 million to $63.5 million, or 40% of revenue, compared to $55.0 million, or 41% of revenue, in the same period last year. The increase in selling, general and administrative expenses over the prior year was due primarily to substantial increases in the size of our selling organizations, particularly for spine and extremity reconstruction, and higher expenses for corporate staff and consulting. As we gain more leverage from our larger selling organizations, we expect selling, general and administrative expenses to decrease to between 38% and 40% of revenue over the remainder of 2008 and into 2009.

We intend to continue to expand our direct sales and marketing organizations in our selling platforms, increase corporate staff to support the recent growth in our business, integrate acquired businesses, and improve the internal controls over financial reporting. Additionally, we have incurred higher operating costs in connection with our recent investments in our infrastructure, including the continued implementation of an enterprise business system and the expansion of our finance and accounting staff. We expect to incur costs related to these activities in 2008 and 2009 as we complete these on-going activities.

Amortization expenses in the second quarter of 2008 decreased by $0.8 million to $3.0 million, compared to $3.8 million in the same period last year. During the second quarter of 2007, the Company recorded $1.7 million of impairments to intangible assets, of which $0.9 million was related to technology-based intangible assets and recorded in cost of product revenues and the remaining $0.8 million relates to other intangible assets, principally a trade name that was discontinued following management's decision to re-brand the related product line, and was recorded in intangible asset amortization.

Non-Operating Income and Expenses

The following is a summary of non-operating income and expenses (in thousands):

	Three Months Ended June 30,	
	2008	2007
Interest income	$ 444	$ 636
Interest expense	(4,261)	(3,273)
Other income (expense)	(451)	303

Interest Income

Interest income decreased in the three months ended June 30, 2008 compared to the same period last year, primarily as a result of lower average cash and investment balances.

Interest Expense

Interest expense increased in the three months ended June 30, 2008 compared to the same period last year, primarily due to the issuance of $330 million of senior convertible notes in June 2007, which was offset in part by lower borrowing costs on our credit facility. On March 4, 2008, we entered into a waiver agreement with the lenders on our credit facility primarily related to the late filing of our Annual Report on Form 10-K for the year ended December 31, 2007. We paid $220,068 with respect to this waiver which is treated as interest expense.

Our reported interest expense for the three-month period ended June 30, 2008 and 2007, includes $3.4 million and $1.7 million, respectively, of cash interest expense on convertible notes and the senior credit facility. We incurred approximately $9.8 million of costs in connection with the issuance of our 2010 Notes and 2012 Notes, each as defined below, in the second quarter of 2007, which are being amortized over the term of the notes. Interest expense for the three months ended June 30, 2008 includes $0.6 million of non-cash amortization of debt issuance costs as compared to $0.2 million in the same period last year.

On March 15, 2008, our 2008 Notes, as defined below, matured and in accordance with the terms of the 2008 Notes we paid approximately $119.4 million and issued approximately 756,000 shares of our common stock in April 2008. We borrowed $120 million under our credit facility in March 2008 in order to repay the 2008 Notes, which were entirely repaid by April 15, 2008.

Other Income

Other income decreased in the three months ended June 30, 2008 compared to the same period last year, primarily as a result of $0.6 million of foreign currency exchange recognized in the second quarter of 2008.

Income Taxes

(in thousands)	Three Months Ended June 30, 2008	2007
Income before income taxes	$ 20,530	$ 14,561
Income tax expense	6,716	5,220
Net income	$ 13,814	$ 9,341
Effective tax rate	32.7%	35.8%

Our effective income tax rate for the three months ended June 30, 2008 and 2007 was 32.7% and 35.8%, respectively. The decrease in the effective income tax rate year-over-year was primarily the result of changes in the geographic mix of taxable income attributable to recently acquired businesses and the changes in valuation allowances.

Our effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of taxable earnings and losses. We consider these factors and others, including our history of generating taxable earnings, in assessing our ability to realize deferred tax assets.

SIX MONTHS ENDED JUNE 30, 2008 AS COMPARED TO SIX MONTHS ENDED JUNE 30, 2007

Revenues and Gross Margin

For the six-month period ended June 30, 2008, total revenues increased 21% to $313.2 million from $257.8 million during the prior-year period. Domestic revenues increased by $36.4 million to $229.1 million and were 73% of total revenues, as compared to 75% of revenues in the six months ended June 30, 2007. International revenues increased $19.0 million to $84.1 million, an increase of 29% compared to the same period in 2007.

The Neurosurgical and Orthopedic Implants category grew 40% over the prior year. Sales of our DuraGen® family of products, extremity reconstruction implants and bone repair products led the revenue growth. IsoTis products, principally demineralized bone matrix, contributed $20.6 million of sales in the first two quarters of 2008. The Medical Surgical Equipment category grew 10% over the prior year. Acquired products provided most of the year-over-year growth in Medical Surgical Equipment.

Gross margin increased by $36.4 million to $192.8 million for the six-month period ended June 30, 2008, from $156.4 million for the same period last year. Gross margin as a percentage of total revenue was 62% for the first two quarters of 2008, compared to 61% for this same period during 2007.

Other Operating Expenses

The following is a summary of other operating expenses as a percent of total revenues (in thousands):

	Six Months Ended June 30,	
	2008	2007
Research and development	5%	5%
Selling, general and administrative	40%	40%
Intangible asset amortization	2%	3%
Total other operating expenses	47%	48%

Total other operating expenses, which consist of research and development expenses, selling, general and administrative expenses and amortization expenses, increased $24.5 million, or 20%, to $147.5 million in the first half of 2008, compared to $123.0 million in the same period last year.

Research and development expenses in the first half of 2008 increased by $3.3 million to $15.6 million, compared to $12.3 million in the same period last year. IsoTis accounted for $1.3 million of the increase. These increases relate to expanding the indications for use of our absorbable implant technology products, including a multi-center clinical trial in connection with a proposed application to the FDA for approval of our DuraGen Plus® Adhesion Barrier Matrix product in the United States.

In 2008, we expect our research and development expenses to increase as we increase expenditures on research and clinical activities. These activities will be directed toward expanding the indications for use of our absorbable implant technology products, including a multi-center clinical trial in connection with a proposed application to the FDA for approval of our DuraGen Plus® Adhesion Barrier Matrix product in the United States.

Selling, general and administrative expenses in the six-month period ended June 30, 2008 increased by $21.9 million to $126.0 million, compared to $104.1 million in the same period last year. Selling expenses increased by $10.2 million primarily due to the accelerated ramp-up in our extremities reconstructive, intensive care unit, specialist and spine sales forces, and the impact of acquisitions. General and administrative expenses increased by $11.7 million in the first half of 2008 compared to the same period last year primarily because of the impact of acquisitions and increases in headcount, compensation and consulting services charged to corporate operations.

We intend to continue to expand our direct sales and marketing organizations in our selling platforms, increase corporate staff to support the recent growth in our business, integrate acquired businesses, and improve the internal controls over financial reporting. Additionally, we have incurred higher operating costs in connection with our recent investments in our infrastructure, including the continued implementation of an enterprise business system and the expansion of our finance and accounting staff. We expect to incur costs related to these activities in 2008 and 2009.

Amortization expense in the first six months of 2008 decreased by $0.7 million to $5.9 million, compared to $6.6 million in the same period last year.

Non-Operating Income and Expenses

The following is a summary of non-operating income and expenses (in thousands):

	Six Months Ended June 30,	
	2008	2007
Interest income	$ 1,131	$ 860
Interest expense	(8,476)	(6,033)
Other income (expense)	1,056	96

Interest Income

Interest income increased in the six-month period ended June 30, 2008, compared to the same period last year, primarily as a result of higher average cash and investment balances.

Interest Expense

Interest expense increased in the six-month period ended June 30, 2008 compared to the same period last year, primarily as a result of the issuance of $330 million of senior convertible notes in June 2007, which was offset in part by lower borrowing costs on our credit facility. On March 4, 2008, we entered into a waiver agreement with the lenders on our credit facility primarily related to the late filing of our 10-K. We paid $537,568 with respect to this waiver which is treated as interest expense.

Our reported interest expense for the six-month periods ended June 30, 2008 and 2007 includes $6.6 million and $4.0 million, respectively, of cash interest expense on the convertible notes and the senior credit facility. We incurred approximately $9.8 million of costs in connection with the issuance of our 2010 and 2012 Notes, as defined below, in the second quarter of 2007, which are being amortized over the term of the notes. Interest expense for the six-month period ended June 30, 2008 includes $1.2 million of non-cash amortization of debt issuance costs as compared to $0.1 million in the same period last year.

On March 17, 2008, our 2008 Notes matured and we paid $1.8 million of contingent interest because our common stock price was greater than $37.56 at thirty days prior to the maturity date. The value of this contingent interest obligation was marked to its fair value at each balance sheet date, with changes in the fair value recorded to interest expense. The changes in the estimated fair value of the contingent interest obligation increased interest expense by $25,000 and $192,000 for the six months ended June 31, 2008 and 2007, respectively.

In accordance with the terms of the 2008 Notes, we paid approximately $119.6 million and issued 768,221 shares of our common stock in connection with the repayment of these notes. We borrowed $120 million under our credit facility in March 2008 in order to repay the 2008 Notes, which were entirely repaid by April 15, 2008.

Other Income

Other income increased in the six-month period ended June 30, 2008, compared to the same period last year, primarily as a result of $0.9 million of foreign currency exchange gains realized in the six months ended June 30, 2008.

Income Taxes

	Six Months Ended June 30,	
	2008	2007
	(in thousands)	
Income before income taxes	$ 39,045	$ 28,321
Income tax expense	13,666	9,905
Net income	$ 25,379	$ 18,416
Effective tax rate	35.0%	35.0%

Our effective income tax rate for the six months ended June 30, 2008 and 2007 was 35.0%. Our effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of taxable earnings and losses. We consider these factors and others, including our history of generating taxable earnings, in assessing our ability to realize deferred tax assets.

GEOGRAPHIC PRODUCT REVENUES AND OPERATIONS

Product revenues by major geographic area are summarized below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
United States	$ 115,754	$ 101,664	$ 229,129	$ 192,742
Europe	25,937	23,552	52,599	44,721
Asia Pacific	6,142	4,789	13,361	10,589
Other Foreign	9,365	4,762	18,117	9,747
Total	$ 157,198	$ 134,767	$ 313,206	$ 257,799

For the three months ended June 30, 2008, revenues from customers outside the United States totaled $41.4 million, or 26% of total revenues, of which approximately 63% were to European customers. Foreign exchange positively affected revenues by $3.7 million. Revenues from customers outside the United States included $30.1 million of revenues generated in foreign currencies.

In the three months ended June 30, 2007, revenues from customers outside the United States totaled $33.1 million, or 25% of total revenues, of which approximately 71% were from European customers. Foreign exchange positively affected revenues by $1.4 million. Revenues from customers outside the United States included $21.5 million of revenues generated in foreign currencies.

For the six months ended June 30, 2008, revenues from customers outside the United States totaled $84.1 million, or 27% of total revenues, of which approximately 63% were to European customers. Foreign exchange positively affected revenues by $7.3 million. Revenues from customers outside the United States included $60.4 million of revenues generated in foreign currencies.

In the six months ended June 30, 2007, revenues from customers outside the United States totaled $65.1 million, or 25% of total revenues, of which approximately 69% were from European customers. Foreign exchange positively affected revenues by $3.0 million. Revenues from customers outside the United States included $40.4 million of revenues generated in foreign currencies.

Additionally, we generate significant revenues outside the United States, a portion of which are U.S. dollar-denominated transactions conducted with customers who generate revenue in currencies other than the U.S. dollar. As a result, currency fluctuations between the U.S. dollar and the currencies in which those customers do business may have an impact on the demand for our products from these customers.

Because we have operations based in Europe and we generate revenues and incur operating expenses in Euros and British pounds, we experience currency exchange risk with respect to those foreign currency denominated revenues or expenses. A weakening of the dollar against the Euro and the British pound could positively affect future revenues and negatively affect future gross margins and operating margins, while a strengthening of the dollar against the Euro and the British pound could negatively affect future revenues and positively affect future gross margins and operating margins. We are exposed to various market risks, including changes in foreign currency exchange rates and interest rates that could adversely affect our results of operations and financial condition. We do not hold or issue derivative instruments for trading or other speculative purposes. As the volume of our business transacted in foreign currencies increases, we will continue to assess the potential effects that changes in foreign currency exchange rates could have on our business. If we believe this potential impact presents a significant risk to our business, we may enter into additional derivative financial instruments to mitigate this risk.

Our sales into markets outside the United States may be affected by various factors, including one or more of the following: local economic conditions, regulatory or political considerations, the effectiveness of our sales representatives and distributors, local competition and changes in local medical practice.

Relationships with customers and effective terms of sale frequently vary by country, often with longer-term receivables than are typical in the United States.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Marketable Securities

We had cash and cash equivalents totaling approximately $77.3 million and $57.3 million at June 30, 2008 and December 31, 2007, respectively.

Cash Flows

	Six Months Ended June 30,	
	2008	2007
	(in thousands)	
Net cash provided by operating activities	$ 18,371	$ 21,761
Net cash used in investing activities	(6,136)	(46,750)
Net cash provided by financing activities	4,729	121,835
Effect of exchange rate fluctuations on cash	3,035	1,295
Net increase in cash and cash equivalents	$ 19,999	$ 98,141

Cash Flows Provided by Operating Activities

We have generated positive operating cash flows on an annual basis, including $47.0 million for the year ended December 31, 2007 and $18.4 million for the six months ended June 30, 2008, resulting from net income and non-cash add-backs, partially offset by deferred tax benefit and changes in working capital items.

Cash provided by operations has recently been, and is expected to continue to be our primary means of funding existing operations and capital expenditures. Despite higher net income for the six months ended June 30, 2008 compared to June 30, 2007, operating cash flows decreased as a result of payments totaling $26.2 million for tax liabilities and estimated taxes.

Cash Flows (Used in) Provided by Investing and Financing Activities

Our principal use of funds during the six months ended June 30, 2008 was $6.1 million in capital expenditures. We received $3.6 million from the issuance of common stock through the exercise of stock options during the period. We also borrowed $120 million under our senior credit facility in March 2008 in order to repay the 2008 Notes of $119.6 million, which were entirely repaid by April 15, 2008.

Working Capital

At June 30, 2008 and December 31, 2007, working capital was $190.3 million and $148.3 million, respectively. The increase in working capital is primarily related to the increase in cash and cash equivalents of $20.0 million and $13.4 million in prepaid expenses, which includes income taxes.

Convertible Debt

We pay interest each June 1 and December 1 on our $165 million senior convertible notes due June 2010 ("2010 Notes") at an annual rate of 2.75% and on our $165 million senior convertible notes due June 2012 ("2012 Notes" and, collectively with the "2010 Notes", the "Notes") at an annual rate of 2.375%. In 2008, we paid an additional amount to holders of the Notes as liquidated damages for failure to maintain the effectiveness of the registration statements that permit resale of the common stock issuable upon conversion of the Notes, which failure was caused by our inability to timely file our Annual Report on Form 10-K for the quarter ended June 30, 2008. Pursuant to the registration rights agreements, dated June 11, 2007, related to the Notes, the liquidated damages amount is calculated at an annualized rate of 0.25% of the outstanding principal amount of the Notes beginning on May 1, 2008 until the earlier of the date on which a qualifying shelf registration statement becomes effective or June 11, 2008. The aggregate payments made for the period from May 1, 2008 to May 31, 2008 were approximately $70,000. Additional payments to be made in December 2008 for the period from June 1, 2008 to June 10, 2008 total approximately $23,000 in the aggregate. Payments of the liquidated damages amount were and will be made at the same time that ordinary interest payments are made to the holders of the Notes.

The Notes are senior, unsecured obligations of Integra, and are convertible into cash and, if applicable, shares of our common stock based on an initial conversion rate, subject to adjustment, of 15.0917 shares per $1,000 principal amount of notes for the 2010 Notes and 15.3935 shares per $1,000 principal amount of notes for the 2012 Notes (which represents an initial conversion price of approximately $66.26 per share and approximately $64.96 per share for the 2010 Notes and the 2012 Notes, respectively). We expect to satisfy any conversion of the Notes with cash up to the principal amount of the applicable series of Notes pursuant to the net share settlement mechanism set forth in the applicable indenture and, with respect to any excess conversion value, with shares of our common stock. The Notes are convertible only in the following circumstances: (1) if the closing sale price of our common stock exceeds 130% of the conversion price during a period as defined in the applicable indenture; (2) if the average trading price per $1,000 principal amount of the Notes is less than or equal to 97% of the average conversion value of the Notes during a period as defined in the applicable indenture; (3) at any time on or after December 15, 2009 (in connection with the 2010 Notes) or anytime after December 15, 2011 (in connection with the 2012 Notes); or (4) if specified corporate transactions occur. The issue price of the Notes was equal to their face amount, which is also the amount holders are entitled to receive at maturity if the Notes are not converted. As of June 30, 2008, none of these conditions existed and, as a result, the $330 million balance of the 2010 Notes and the 2012 Notes is classified as long-term.

The Notes, under the terms of the private placement agreement, are guaranteed fully by Integra LifeSciences Corporation, a subsidiary of Integra. The 2010 Notes will rank equal in right of payment to the 2012 Notes. The Notes will be Integra's direct senior unsecured obligations and will rank equal in right of payment to all of our existing and future unsecured and unsubordinated indebtedness.

In connection with the issuance of the Notes, we entered into call transactions and warrant transactions, primarily with affiliates of the initial purchasers of the Notes (the "hedge participants"). The cost of the call transactions to us was approximately $46.8 million. We received approximately $21.7 million of proceeds from the warrant transactions. The call transactions involved our purchasing call options from the hedge participants, and the warrant transactions involved us selling call options to the hedge participants with a higher strike price than the purchased call options.

The initial strike price of the call transactions is (1) for the 2010 Notes, approximately $66.26 per share of Common Stock, and (2) for the 2012 Notes, approximately $64.96, in each case subject to anti-dilution adjustments substantially similar to those in the Notes. The initial strike price of the warrant transactions is (i) for the 2010 Notes, approximately $77.96 per share of Common Stock and (ii) for the 2012 Notes, approximately $90.95, in each case subject to customary anti-dilution adjustments.

On March 5, 2008, we borrowed $120.0 million under our senior secured revolving credit facility, and as a result of this borrowing, we currently have $120.0 million of outstanding borrowings under this credit facility. We used the proceeds along with existing funds to repay our 2.5% Contingent Convertible Subordinated Notes due 2008 (the "2008 Notes") upon conversion or maturity, approximating $119.6 million, and related accrued and contingent interest approximating an additional $3.3 million. On March 4, 2008 we entered into a waiver agreement with the lenders under the credit facility waiving the requirement that tax recapture payments made by the Company in connection with the repayment of the 2008 Notes up to but not exceeding $23 million, be included in consolidated cash taxes for purposes of calculating the consolidated fixed charge ratio under the credit agreement.

We made our final interest payment on the 2008 Notes at an annual rate of 2.5% on March 15. On March 17, 2008, we also paid $1.8 million of contingent interest on the 2008 Notes at maturity. There were no financial covenants associated with the 2008 Notes. We repaid the 2008 Notes upon conversion or maturity in March and April 2008 in accordance with the terms of the 2008 Notes and issued 768,221 shares of our common stock.

In conjunction with the 2008 Notes, the Company had previously recognized a deferred tax liability related to the conversion feature of the debt. Due to the repayment of the 2008 Notes, the Company reversed the remaining balance of the deferred tax liability which resulted in the recognition of a $2.4 million valuation allowance on a deferred tax asset, a $4.8 million increase to current income taxes payable and $11.4 million of additional paid-in capital.

Senior Secured Revolving Credit Facility

In March and April 2008 we received waivers from the lenders under our credit facility related to the late completion of our audited financial statements for the year ended December 31, 2007. We included such financial statements in our Annual Report on Form 10-K filed on May 16, 2008. We also received an extension of the delivery date under the credit facility of our financial statements for the quarter ended March 31, 2008. We included such financial statements in our Quarterly Report on Form 10-Q filed on June 4, 2008. In addition, we obtained a waiver regarding a representation and warranty in the credit agreement relating to material weaknesses in our internal controls through November 15, 2008. If, however, we have not eliminated our material weaknesses by November 15, 2008 and if there has been no intervening further amendment extending such date, the sole consequence prior to February 28, 2009 will be that we could not make further borrowings under the credit facility. On or before February 28, 2009 (or such later date as we may be required to deliver audited financial statements for the year ended December 31, 2008), we will be required to deliver a compliance certificate that includes a representation that we do not have a material weakness in our internal controls.

On July 28, 2008, we borrowed $80 million under our senior secured revolving credit facility to fund the acquisition of Theken Spine, LLC, Theken Disc, LLC and Therics, LLC, and for other general corporate purposes. As a result of this borrowing, we had $200 million of outstanding borrowings under our credit facility as of the date of this filing.

The outstanding borrowings have one-month interest periods. The weighted average interest rate of the outstanding borrowings is approximately 3.46%.

Share Repurchase Plan

In October 2007, our Board of Directors adopted a new program that authorized us to repurchase shares of our common stock for an aggregate purchase price not to exceed $75 million through December 31, 2008. Shares may be repurchased either in the open market or in privately negotiated transactions. As of June 30, 2008, there remained $54.5 million available for share repurchases under this authorization.

Dividend Policy

We have not paid any cash dividends on our common stock since our formation. Our credit facility limits the amount of dividends that we may pay. Any future determinations to pay cash dividends on our common stock will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, cash flows and other factors deemed relevant by the Board of Directors.

Capital Resources

We believe that our cash and borrowings under the senior secured revolving credit facility are sufficient to finance our operations and capital expenditures in the near term based on our current intent. We regularly borrow under the credit facility and make payments with respect thereto and consider the outstanding amounts to be short-term in nature. See “Convertible Debt and Senior Secured Revolving Credit Facility” for a description of the material terms of our credit facility.

Contractual Obligations and Commitments

As of June 30, 2008, we were obligated to pay the following amounts under various agreements:

	Total	Less than 1 Year	1-3 Years (in millions)	3-5 Years	More than 5 years
Convertible Securities — Long Term	$ 330.0	$ —	$ 165.0	$ 165.0	$ —
Revolving Credit Facility*	120.0	120.0	—	—	—
Interest on Convertible Securities	28.4	7.8	14.7	5.9	—
Operating Leases	18.5	4.1	6.4	2.2	5.8
Purchase Obligations	9.2	3.7	0.7	4.8	—
Warranty Obligations	—	—	—	—	—
Pension Contributions	0.2	—	—	0.1	0.1
Total	$ 506.3	$ 135.6	$ 186.8	$ 178.0	$ 5.9

* The Company regularly borrows under the credit facility and makes payments with respect thereto and considers the outstanding amounts to be short-term in nature based on its current intent. If additional borrowings are made in connection with, for instance, future acquisitions, this could impact the timing of when the Company intends to repay amounts under this credit facility which runs through December 2011.

On July 28, 2008, we borrowed $80 million under our senior secured revolving credit facility to fund the acquisition of Theken Spine, LLC, Theken Disc, LLC and Therics, LLC, and for other general corporate purposes. As a result of this borrowing, we have $200 million of outstanding borrowings under our credit facility as of the date of this filing.

Excluded from the contractual obligations table is the liability for unrecognized tax benefits totaling $11.4 million. This liability for unrecognized tax benefits has been excluded because we cannot make a reliable estimate of the period in which the unrecognized tax benefits will be realized.

In addition, the terms of the purchase agreements executed in connection with certain acquisitions we closed in the last several years, including the August 1, 2008 Theken acquisition, require us to make payments to the sellers of those businesses based on the performance of such businesses after the acquisition.

OTHER MATTERS

Critical Accounting Estimates

The critical accounting estimates included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 have not materially changed.

Recently Issued Accounting Standards

In May 2008, the FASB issued Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion ("FSP APB 14-1"). FSP APB 14-1 requires that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years, however, early adoption is not permitted.

Retrospective application to all periods presented is required except for instruments that were not outstanding during any of the periods that will be presented in the annual financial statements for the period of adoption but were outstanding during an earlier period. We are currently assessing the impact of adopting FSP APB 14-1, which we believe may be material to our financial condition and results of operations.

In March 2008, the FASB issued Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities ("FAS 161"), which is effective January 1, 2009. FAS 161 requires enhanced disclosures about derivative instruments and hedging activities to allow for a better understanding of their effects on an entity's financial position, financial performance, and cash flows. Among other things, FAS 161 requires disclosure of the fair values of derivative instruments and associated gains and losses in a tabular format. Since FAS 161 requires only additional disclosures about our derivatives and hedging activities, the adoption of FAS 161 is not expected to affect our financial position or results of operations.

In December 2007, the FASB issued Statement No. 141(R), Business Combinations ("Statement 141(R)"), a replacement of FASB Statement No. 141. Statement 141(R) is effective for fiscal years beginning on or after December 15, 2008 and applies to all business combinations. Statement 141(R) provides that, upon initially obtaining control of a target, an acquirer shall recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities, with only limited exceptions, even if the acquirer has not acquired 100% of the target. Additionally, Statement 141(R) changes current practice, in part, as follows: (1) contingent consideration arrangements will be fair valued at the acquisition date and included on that basis in the purchase price consideration; (2) transaction costs will be expensed as incurred, rather than capitalized as part of the purchase price; (3) pre-acquisition contingencies, such as legal issues, will generally have to be accounted for in purchase accounting at fair value; and (4) in order to accrue for a restructuring plan in purchase accounting, the requirements in FASB Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities, would have to be met at the acquisition date. While there is no expected material impact to our consolidated financial statements on the accounting for acquisitions completed prior to December 31, 2008, the adoption of Statement 141(R) on January 1, 2009 could materially change the accounting for business combinations consummated subsequent to that date.

In April 2008, the FASB issued FASB Staff Position ("FSP") FAS 142-3, Determination of the Useful Life of Intangible Assets. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142, Goodwill and Other Intangible Assets. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R, and other generally accepted accounting principles ("GAAP"). This FSP is effective for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company is required to adopt FSP, FAS142-3 for the fiscal year beginning January 1, 2009. Management does not anticipate that the adoption of this FSP will have a material impact on the Company's financial statements.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162 ("SFAS 162"), The Hierarchy of Generally Accepted Accounting Principles. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP in the United States. Any effect of applying the provisions of SFAS 162 shall be reported as a change in accounting principle in accordance with Statement of Financial Accounting Standards No. 154, Accounting Changes and Error Corrections. SFAS 162 is effective 60 days following approval by the Securities and Exchange Commission of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. Management does not anticipate that the adoption of SFAS 162 will have a material impact on the Company's financial statements.

In June 2008, the FASB issued Staff Position EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities ("FSP EITF 03-6-1"), which is effective January 1, 2009. FSP EITF 03-6-1 clarifies that share-based payment awards that entitle holders to receive nonforfeitable dividends before they vest will be considered participating securities and included in the basic earnings per share calculation. The Company is assessing the impact of adoption of FSP EITF 03-6-1 on its results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rates that could adversely affect our results of operations and financial condition. To manage the volatility relating to these typical business exposures, we may enter into various derivative transactions when appropriate. We do not hold or issue derivative instruments for trading or other speculative purposes.

Foreign Currency Exchange Rate Risk

A discussion of foreign currency exchange risks is provided under the caption "Geographic Product Revenues and Operations" under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Interest Rate Risk — Senior Secured Credit Facility

We are exposed to the risk of interest rate fluctuations on the interest paid under the terms of our senior secured credit facility. Based on our outstanding borrowings as of June 30, 2008, a hypothetical 100 basis point movement in interest rates applicable to this credit facility would increase or decrease interest expense by approximately $1.2 million on an annual basis.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic filings is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Management has designed our disclosure controls and procedures to provide reasonable assurance of achieving the desired control objectives.

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of June 30, 2008 because of the material weaknesses discussed below. Notwithstanding the material weaknesses discussed below, our management has concluded that the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented therein in conformity with generally accepted accounting principles.

Changes in Internal Control Over Financial Reporting

There were no material changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Description of Material Weaknesses

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. In our Form 10-K for the year ended December 31, 2007, management noted it had identified material weaknesses in our internal control over financial reporting with respect to the following.

1. The Company did not maintain a sufficient complement of personnel with the appropriate skills, training and experience to identify and address the application of generally accepted accounting principles and effective controls with respect to locations undergoing change or experiencing staff turnover. Specifically, the Company did not maintain a sufficient complement of personnel to completely and accurately record and review the inventory, accrued liabilities, intercompany accounts, account receivable and income taxes accounts as of and for the year ended December 31, 2007. Further, effective communication was not designed and in place for sharing of information within and between our finance department and other operating departments. This control deficiency contributed to the following control deficiencies which are individually considered to be material weaknesses.

2. The Company did not maintain effective controls over certain financial statement accounts reconciliation. Specifically, accounts reconciliation involving inventory, accrued liabilities, intercompany accounts, account receivable and income taxes were not designed for proper preparation and timely review and reconciling items were not timely resolved and adjusted. This control deficiency resulted in audit adjustments to the aforementioned accounts and disclosures in the Company's consolidated financial statements as of and for the year ended December 31, 2007.

3. The Company did not maintain effective controls over the recording and elimination of intercompany transactions. Specifically, controls were not appropriately designed for completeness and accuracy of intercompany accounts and to reconcile and review intercompany

transactions between the Company's subsidiaries on a timely basis. This control deficiency resulted in improper intercompany profit eliminations and audit adjustments to intercompany sales and cost of goods sold for the year ended December 31, 2007.

4. The Company did not maintain effective controls over the completeness and accuracy of its income tax provision. Specifically, controls were not appropriately designed to ensure its income tax provision and related income taxes payable and deferred income tax assets and liabilities were properly calculated. This control deficiency resulted in audit adjustments to the aforementioned accounts and disclosures in the Company's consolidated financial statements as of and for the year ended December 31, 2007.

5. The Company did not maintain effective controls over the system configuration, segregation of duties and access to key financial reporting systems, particularly with respect to locations undergoing systems implementations. Specifically, key financial reporting systems were not appropriately configured to ensure that certain transactions were properly processed, to segregate duties amongst personnel and to ensure that unauthorized individuals did not have access to add, change or delete key financial data. Further, the Company lacked adequate internal access security policies and procedures.

Because of these material weaknesses, management concluded that our internal control over financial reporting was not effective as of December 31, 2007. Remediation of these weaknesses has not yet been fully completed and, therefore, these material weaknesses continued to exist as of June 30, 2008. These control deficiencies could result in misstatements of financial statement accounts and disclosures that would result in a material misstatement of the consolidated financial statements that would not be prevented or detected.

Management Action Plan and Progress to Date

In response to the material weaknesses, we have taken certain actions and will continue to take further steps to strengthen our control processes and procedures in order to remediate such material weaknesses. We will continue to evaluate the effectiveness of our internal controls and procedures on an ongoing basis and will take further action as appropriate. These actions include an assessment of intercompany accounts and the reconciliation process with the assistance of outside consultants. This was helpful not only in connection with previous quarterly closes, but also identified a number of process improvements which will be implemented in future monthly and quarterly closes.

Additionally, we have taken and are taking the following actions to remediate the material weaknesses identified above:

- On September 6, 2007, we accepted the resignation of our Chief Financial Officer.
- Reassigned our former corporate controller from the business development department to the finance organization to assist with the quarterly close and process improvements.
- We are reorganizing the financial functions in Europe, and have assigned an experienced executive to develop the European organization, and have hired additional qualified personnel to keep the accounts for our European operations.
- Recruited additional accounting, internal audit, financial analysis, business systems and tax professionals who can provide the adequate experience and knowledge to improve the timeliness and effectiveness of our account reconciliations and ultimately the financial reporting processes. Management continues to recruit additional personnel. We have utilized our internal audit group and outside consultants as needed to assist with executing the preparation and/or reviews of reconciliations under our direction. We have significantly increased training, both formal and on the job, for new personnel. We also have developed a group that is solely dedicated to developing and administrating training materials to departmental personnel as well as enhancing communication channels among departments and organizations within the company.
- Enhancements to the reconciliation process were made during the 2007 fiscal year. Reconciliations are being reviewed by several levels of management prior to finalization. In addition, during the first quarter of 2008, management developed reconciliation policies and procedures and in the second quarter of 2008 those policies and procedures were implemented by the accounting department at all

significant sites. Additional training for all site controllers is scheduled for the third quarter of 2008.

- Management continues to address the control weaknesses around intercompany accounting transactions. Detailed intercompany reconciliations are being prepared each period and analyzed by several levels of management. Process changes are being identified and implemented, which enforce compliance with existing and revised processes for intercompany transactions and allow for easier accounting and monitoring of such transactions. Process improvements are still being analyzed and addressed by management.
- We have hired qualified professionals in the tax department, and we have engaged outside consultants to assist us in the preparation of the quarterly tax provision. These new employees and consultants have been working on assessing the current tax structure and reviewing the transactions in the tax accounts. Management will continue working on addressing the control weaknesses as it relates to assessing and recording tax transactions.
- The Company performed a detailed study related to its controls associated with the use of its primary financial reporting system and has a working group in place focused on implementing the key findings from that assessment. The Business Process Management team was established and has been recruiting IT and project management professionals with the necessary knowledge and experience to continue the optimization efforts around the Company's Enterprise Resource Planning system (ERP) and supporting business processes. The team continues its planning around additional phases of ERP rollouts in international locations and the integration of acquired businesses. We expect the remediation in this area to continue for a number of months.
- We are implementing a system tool to identify conflicts between duties that ought to remain segregated and are developing procedures to control access to systems.

The effectiveness of any system of controls and procedures is subject to certain limitations, and, as a result, there can be no assurance that our controls and procedures will detect all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be attained.

We will continue to develop new policies and procedures as well as educate and train our financial reporting department regarding our existing policies and procedures in a continual effort to improve our internal control over financial reporting, and will be taking further actions as appropriate. We view this as an ongoing effort to which we will devote significant resources.

We believe that the foregoing actions have improved and will continue to improve our internal control over financial reporting, as well as our disclosure controls and procedures.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Various lawsuits, claims and proceedings are pending or have been settled by the Company. The most significant of those are described below.

In May 2006, Codman & Shurtleff, Inc., a division of Johnson & Johnson, commenced an action in the United States District Court for the District of New Jersey for declaratory judgment against the Company with respect to United States Patent No. 5,997,895 (the "895 Patent") held by the Company. The Company's patent covers dural repair technology related to the Company's DuraGen® family of duraplasty products.

The action seeks declaratory relief that Codman's DURAFORM® product does not infringe the Company's patent and that the Company's patent is invalid. Codman does not seek either damages from the Company or injunctive relief to prevent the Company from selling the DuraGen® Dural Graft Matrix. The Company has filed a counterclaim against Codman, alleging that Codman's DURAFORM® product infringes the '895 Patent, seeking injunctive relief preventing the sale and use of DURAFORM®, and seeking damages, including treble damages, for past infringement.

In addition to these matters, we are subject to various claims, lawsuits and proceedings in the ordinary course of our business, including claims by current or former employees, distributors and competitors and with respect to our products. In the opinion of management, such claims are either adequately covered by insurance or otherwise indemnified, or are not expected, individually or in the aggregate, to result in a material adverse effect on our financial condition. However, it is possible that our results of operations, financial position and cash flows in a particular period could be materially affected by these contingencies.

ITEM 1A. RISK FACTORS

The Risk Factors included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (as modified by the subsequent Quarterly Report on Form 10-Q for the period ended March 31, 2008) have not materially changed other than the modifications to the risk factors as set forth below.

To market our products under development we will first need to obtain regulatory approval. Further, if we fail to comply with the extensive governmental regulations that affect our business, we could be subject to penalties and could be precluded from marketing our products.

As a manufacturer and marketer of medical devices, we are subject to extensive regulation by the FDA and the Center for Medicare Services (CMS) of the U.S. Department of Health and Human Services and other federal governmental agencies and, in some jurisdictions, by state and foreign governmental authorities. These regulations govern the introduction of new medical devices, the observance of certain standards with respect to the design, manufacture, testing, labeling, promotion and sales of the devices, the maintenance of certain records, the ability to track devices, the reporting of potential product defects, the import and export of devices and other matters. We are facing an increasing amount of scrutiny and compliance costs as more states are implementing regulations governing medical devices, pharmaceuticals and/or biologics which affect many of our products. As a result, we are implementing additional procedures, controls and tracking and reporting processes, as well as paying additional permit and license fees, where required.

Our products under development are subject to FDA approval or clearance prior to marketing for commercial use. The process of obtaining necessary FDA approvals or clearances can take years and is expensive and uncertain. Our inability to obtain required regulatory approval on a timely or acceptable basis could harm our business. Further, approval or clearance may place substantial restrictions on the indications for which the product may be marketed or to whom it may be marketed, warnings that may be required to accompany the product or additional restrictions placed on the sale and/or use of the product. Further studies, including clinical trials and FDA approvals, may be required to gain approval for the use of a product for clinical indications other than those for which the product was initially approved or cleared or for significant changes to the product. These studies could take years to complete and could be expensive, and there is no guarantee that the results will convince the FDA to approve or clear the additional indication. Any negative outcome in our clinical trials could adversely impact our ability to compete against alternative products or technologies, which could impact our sales. In addition, for products with an approved Pre-Market Approval (PMA), the FDA requires annual reports and may require post-approval surveillance programs and/or studies to monitor the products' safety and effectiveness. Results of post-approval programs may limit or expand the further marketing of the product.

Another risk of application to the FDA relates to the regulatory classification of new products or proposed new uses for existing products. In the filing of each application, we make a judgment about the appropriate form and content of the application. If the FDA disagrees with our judgment in any particular case and, for example, requires us to file a PMA application rather than allowing us to market for approved uses while we seek broader approvals or requires extensive additional clinical data, the time and expense required to obtain the required approval might be significantly increased or approval might not be granted.

Approved products are subject to continuing FDA requirements relating to quality control and quality assurance, maintenance of records, reporting of adverse events and product recalls, documentation, and labeling and promotion of medical devices. For example, our orthobiologics products, acquired in connection with the IsoTis transaction, are subject to FDA and certain state regulations regarding human cells, tissues, and cellular or tissue-based products, which include requirements for establishment registration and listing, donor eligibility, current good tissue practices, labeling, adverse-event reporting, and inspection and enforcement. Some states have their own tissue banking regulation. We are licensed or have permits as a tissue bank in California, Florida, New York and Maryland. In addition, tissue banks may undergo voluntary accreditation by the American Association of Tissue Banks, or the AATB. The AATB has issued operating standards for tissue banking. Compliance with these standards is a requirement in order to become a licensed tissue bank.

The FDA and foreign regulatory authorities require that our products be manufactured according to rigorous standards. These and future regulatory requirements could significantly increase our production or purchasing costs and could even prevent us from making or

obtaining our products in amounts sufficient to meet market demand. If we or a third-party manufacturer change our approved manufacturing process, the FDA may require a new approval before that process may be used. Failure to develop our manufacturing capability could mean that, even if we were to develop promising new products, we might not be able to produce them profitably, as a result of delays and additional capital investment costs. Manufacturing facilities, both international and domestic, are also subject to inspections by or under the authority of the FDA. In addition, failure to comply with applicable regulatory requirements could subject us to enforcement action, including product seizures, recalls, withdrawal of clearances or approvals, restrictions on or injunctions against marketing our product or products based on our technology, cessation of operations and civil and criminal penalties.

We are also subject to the regulatory requirements of countries outside the United States where we do business. For example, under the European Union Medical Device Directive, all medical devices must meet the Medical Device Directive standards and receive CE Mark Certification prior to marketing in the European Union. CE Mark Certification requires a comprehensive Quality System program, comprehensive technical documentation and data on the product, which a "Notified Body" in Europe reviews. In addition, we must be certified to the ISO 13485:2003 Quality System standards and maintain this certification in order to market our products in the European Union, Canada, Latin America, Asia-Pacific and most other countries outside the United States. As a result of an amendment to Japan's Pharmaceutical Affairs Law that went into effect on April 1, 2005, new regulations and requirements exist for obtaining approval of medical devices, including new requirements governing the conduct of clinical trials, the manufacturing of products and the distribution of products in Japan. Significant resources may be needed to comply with the extensive auditing of and requests for documentation relating to all manufacturing facilities of our company and our vendors by the Pharmaceutical Medical Device Agency and the Ministry of Health, Labor and Welfare in Japan to comply with the amendment to the Pharmaceutical Affairs Law. These new regulations may affect our ability to obtain approvals of new products for sale in Japan. Additionally, there are many countries outside the United States that have new medical device regulations that require extensive documentation as well as may require audits of our manufacturing facilities. There are also associated fees with these new regulations. These regulations are required for all new products and re-registration of our medical devices.

Our products that contain human derived tissue, including those containing DBM, are not medical devices in the European Union as defined in the Medical Device Directive (93/42/EC). They are also not medicinal products as defined in Directive 2001/83/EC. Today, regulations, if applicable, are different from one EU member state to the next. Due to the absence of a harmonized regulatory framework and the proposed regulation for advanced therapy medicinal products in the EU, as well as for other countries, the approval process for human derived cell or tissue based medical products may be extensive, lengthy, expensive, and unpredictable.

Certain of our products contain materials derived from animal sources and may become subject to additional regulation.

Certain of our products, including our dermal regeneration products, duraplasty products, biomaterial products for the spine, nerve and tendon repair products and certain other products, contain material derived from bovine tissue. Products that contain materials derived from animal sources, including food, pharmaceuticals and medical devices, are increasingly subject to scrutiny in the media and by regulatory authorities. Regulatory authorities are concerned about the potential for the transmission of disease from animals to humans via those materials. This public scrutiny has been particularly acute in Japan and Western Europe with respect to products derived from animal sources, because of concern that materials infected with the agent that causes bovine spongiform encephalopathy, otherwise known as BSE or mad cow disease, may, if ingested or implanted, cause a variant of the human Creutzfeldt-Jakob Disease, an ultimately fatal disease with no known cure. Cases of BSE in cattle discovered in Canada and the United States have increased awareness of the issue in North America.

We take great care to provide that our products are safe and free of agents that can cause disease. In particular, we are qualifying sources of collagen from countries outside the United States that are considered BSE-free. The World Health Organization classifies different types of cattle tissue for relative risk of BSE transmission. Deep flexor tendon is in the lowest-risk categories for BSE transmission (the same category as milk, for example), and are therefore considered to have a negligible risk of containing the agent that causes BSE (an improperly folded protein known as a prion). Nevertheless, products that contain materials derived from animals, including our products, may become subject to additional regulation, or even be banned in certain countries, because of concern over the potential for prion transmission. Significant

new regulation, or a ban of our products, could have a material adverse effect on our current business or our ability to expand our business.

Certain countries, such as Japan, China, Taiwan and Argentina, have issued regulations that require our collagen products be processed from bovine tendon sourced from countries where no cases of BSE have occurred and the European Union has requested that our dural replacement products be sourced from bovine tendon sourced from a country where no cases of BSE have occurred. In addition, Japan has issued new regulations regarding medical devices that contain tissue of animal origin. Among other regulations, Japan requires that the tendon used in the manufacture of medical devices sold in Japan originate in a country that has never had a case of BSE. Currently, we purchase our tendon from the United States and New Zealand. We received approval in Japan for the use of New Zealand-sourced tendon in the manufacturing of our products sold in Japan. If we cannot continue to use or qualify a source of tendon from New Zealand or another country that has never had a case of BSE, we will not be permitted to sell our collagen hemostatic agents and products for oral surgery in Japan. We do not currently sell our dural or dermal repair products in Japan.

Our success will depend partly on our ability to operate without infringing or misappropriating the proprietary rights of others.

We may be sued for infringing the intellectual property rights of others. In addition, we may find it necessary, if threatened, to initiate a lawsuit seeking a declaration from a court that we do not infringe the proprietary rights of others or that their rights are invalid or unenforceable. If we do not prevail in any litigation, in addition to any damages we might have to pay, we would be required to stop the infringing activity or obtain a license for the proprietary rights involved. Any required license may be unavailable to us on acceptable terms, if at all. In addition, some licenses may be nonexclusive and allow our competitors to access the same technology we license.

If we fail to obtain a required license or are unable to design our product so as not to infringe on the proprietary rights of others, we may be unable to sell some of our products, and this potential inability could have a material adverse effect on our revenues and profitability.

We have material weaknesses in our internal control over financial reporting and cannot assure you that additional material weaknesses will not be identified in the future.

Management identified material weaknesses in our internal controls over financial reporting related to (1) the complement of its personnel; (2) accounts reconciliation; (3) intercompany transactions; (4) income tax accounts; and (5) the configuration, segregation of duties and access to key financial reporting applications. Remediation of these weaknesses had not yet been completed, and therefore, these material weaknesses continued to exist as of June 30, 2008. In response to the material weaknesses identified, we have taken certain actions and will continue to take further steps in an attempt to strengthen our control processes and procedures in order to remediate such material weaknesses.

While we aim to work diligently to ensure a robust accounting system that is devoid of significant deficiencies and material weaknesses, given the growth of our business through acquisitions and the complexity of the accounting rules, we may, in the future, identify additional significant deficiencies or material weaknesses in our disclosure controls and procedures and internal control over financial reporting. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional significant deficiencies or material weaknesses, cause us to fail to meet our periodic reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated under Section 404. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to a decline in our stock price. See Part I. Item 4 Controls and Procedures for a further discussion of our assessment of our internal controls over financial reporting.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In October 2007, our Board of Directors adopted a new program that authorized us to repurchase shares of our common stock for an aggregate purchase price not to exceed $75 million through December 31, 2008. Shares may be repurchased either in the open market or in privately negotiated transactions.

The following table summarizes our repurchases of our common stock during the quarter ended June 30, 2008 under this program:

Period	Total Number of Shares Purchased	Average price paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program
April 1, 2008 — April 30, 2008	—	—	—	$ 54,533,276
May 1, 2008 — May 31, 2008	—	—	—	$ 54,533,276
June 1, 2008 — June 30, 2008	—	—	—	$ 54,533,276
Total	—	—	—	$ 54,533,276

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's Annual Meeting of Stockholders was held on July 9, 2008 and in connection therewith, management solicited proxies pursuant to Regulation 14A under the Exchange Act. An aggregate of 27,307,058 shares of the Company's common stock were outstanding and entitled to a vote at the meeting. At the meeting the following matters (not including ordinary procedural matters) were submitted to a vote of the holders of the common stock, with the results indicated below:

1. *Election of directors to serve until the 2009 Annual Meeting*. The following persons were elected. All were management's nominees for election, and all were serving as directors. There was no solicitation in opposition to such nominees. The tabulation of votes was as follows:

Nominee	For	Against	Abstain
Thomas J. Baltimore, Jr.	23,111,865	217,454	20,462
Keith Bradley	20,282,501	3,054,283	12,996
Richard E. Caruso	14,681,732	8,655,401	12,647
Stuart M. Essig	23,085,012	253,952	10,819
Neal Moszkowski	23,032,806	305,217	11,756
Christian S. Schade	23,147,863	182,691	19,227
James M. Sullivan	22,990,088	340,391	19,303
Anne M. VanLent	20,460,800	2,877,541	11,440

2. *Ratification of independent registered public accounting firm*. The appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the 2008 fiscal year was ratified. The tabulation of votes was as follows:

For	Against	Abstentions
23,299,830	39,927	10,028

3. *Approval of Amended and Restated 2003 Equity Incentive Plan*. The terms of the Amended and Restated 2003 Equity Incentive Plan were approved. The tabulation of votes was as follows:

For	Against	Abstentions
21,198,287	394,857	21,666

4. *Approval of Amendment to Amended and Restated 2003 Equity Incentive Plan to increase shares*. The amendment to the 2003 Equity Incentive Plan to increase the number of shares that may be issued or awarded under the plan was approved, the tabulation of votes was as follows:

For	Against	Abstentions
14,524,329	7,071,176	19,305

ITEM 5. OTHER INFORMATION

AMENDMENT TO ESSIG EMPLOYMENT AGREEMENT

On August 6, 2008, the Company and Stuart M. Essig, entered into Amendment 2008-2 (the "Amendment") to Mr. Essig's Second Amended and Restated Employment Agreement with the Company, dated as of July 27, 2004 (the "Employment Agreement"). The Amendment was approved by the Compensation Committee of the Board of Directors (the "Board") of the Company on August 6, 2008. The Amendment extends the term of Mr. Essig's employment, as President and Chief Executive Officer, until December 31, 2011 and provides for automatic one-year extensions thereafter. The Amendment also provides that Mr. Essig will receive grants of (i) 375,000 restricted stock units ("RSUs") on the effective date of the Amendment (the "Initial RSU Award"); (ii) a non-qualified stock option (the "Option") to purchase 125,000 shares of Company common stock (the "Shares") to be granted on the first day on which the Company trading window opens following the effective date of the Amendment (the "Option Grant Date") and (iii) annual grants during the term, commencing in December 2008, of between 75,000 and 100,000 RSUs or performance shares (the "Annual Award").

The per share exercise price of the Option will be equal to the quoted closing trading price of a share of the Company's common stock on the effective date of grant (determined in accordance with the Company's 2003 Equity Incentive Plan, as amended). Subject to Mr. Essig's continued service with the Company, the Option will vest as follows: 25% of the Shares vest on the first anniversary of the Option Grant Date and the remaining Shares vest monthly thereafter over the subsequent 36 months. In addition, the Option will vest in full upon the occurrence of any of the following: (i) termination of Mr. Essig's employment by the Company without "Cause" or by Mr. Essig for "Good Reason," (ii) a "Change in Control" of the Company, (iii) a "Disability Termination," each as defined in the Employment Agreement, (iv) a termination of Mr. Essig's employment upon non-renewal of the employment term by either party, or (v) Mr. Essig's death (each, an "Acceleration Event"). The Option will have a ten-year term.

The Initial RSU Award vests in full on the effective date of the grant, and the underlying shares will be deferred and delivered to Mr. Essig within the 30 day period immediately following the six month anniversary of his "separation from service," from the Company, within the meaning of Section 409A of the Internal Revenue Code.

Pursuant to the Amendment, the Annual Award will take the form of either (i) RSUs for between 75,000 and 100,000 (inclusive) shares of the Company's common stock, or (ii) performance stock for between 75,000 and 100,000 (inclusive) shares of the Company's common stock. The form of the Annual Award will be determined by the Compensation Committee of the Board in its sole discretion.

Any Annual Award of RSUs will, subject to Mr. Essig's continued service with the Company, vest in three equal annual installments on the first three anniversaries of the grant date and will be subject to accelerated vesting upon the occurrence of an Acceleration Event. The shares underlying the vested RSUs covered by the Annual Award will be deferred and delivered to Mr. Essig within the 30 day period immediately following the six month anniversary of his separation from service with the Company.

Any Annual Award of performance shares will be subject to both (A) annual time-based vesting through December 31, 2011, and (B) performance-based vesting in the event that the Company's sales in any calendar year during the 3-year performance period exceed sales in the calendar year prior to such 3-year performance period. The performance shares will only vest to the extent that both the time-based and performance-based conditions are satisfied (except in the event of a Change in Control of the Company). The time-based vesting condition will deemed satisfied in full upon a termination of Mr. Essig's employment by the Company without Cause, by Mr. Essig for Good Reason, by reason of a Disability Termination or Mr. Essig's death, or upon a nonrenewal of the employment term by either party. In addition, the performance shares will vest in full upon a Change in Control of the Company that occurs during the performance period and prior to Mr. Essig's termination of service. The vested performance shares will be delivered to Mr. Essig upon or within thirty days after vesting.

Each of the RSU grants and performance stock grants will also include certain dividend equivalent rights.

The foregoing description of the Amendment is qualified in its entirety by reference to the copy of the Amendment which is attached as Exhibit 10.7 to this Quarterly Report on Form 10-Q and is incorporated by reference herein. In all other respects not amended, the Employment Agreement remains in full force and effect.

MORGAN LANE LEASE

In May 2008, Integra LifeSciences Corporation entered into a Lease Agreement with 109 Morgan Lane, LLC (the "Lease") for the expansion of the Company's headquarters in Plainsboro, New Jersey. The Lease was signed simultaneously with Morgan Lane, LLC's purchase of the building, land and premises from Provestco, Inc. The Company is initially leasing approximately 26,750 square feet located at 109 Morgan Lane, Plainsboro, New Jersey (the "Initial Space") for general office, lab and warehouse purposes. If Morgan Lane, LLC completes certain improvements to the building, parking lot and surrounding premises, then the Company has the right to lease an additional approximately 31,261 square feet in the building beginning on April 1, 2009 (the "Remaining Space"). The rent for the Initial Space ranges from approximately $240,000 per year in the beginning stages of the term to approximately $340,000 per year at the end of the term. The rent for the Remaining Space is approximately $330,000 per year, subject to adjustments. Additional rent is also required for, among other things, operating expenses and taxes. The initial term of the Lease expires on May 31, 2018 with an option for the Company to extend the term for an additional five years.

The foregoing description of the Lease is only a summary, does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the complete text of the Lease, which is filed as Exhibit 10.10 to this Quarterly Report and is incorporated herein by reference.

ITEM 6. EXHIBITS

10.1	Theken Spine Unit Purchase Agreement, dated as of July 23, 2008, by and among Integra LifeSciences Holdings Corporation, Theken Spine, LLC, Randall R. Theken and the other members of the Theken Spine, LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 24, 2008)
10.2	Form of Option Agreement for John B. Henneman, III (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 6, 2008)
10.3	Compensation of Directors of the Company (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 11, 2008)
*10.4	Form of Restricted Stock Agreement for Non-Employee Directors under the Integra LifeSciences Holdings Corporation Equity Incentive Plan
10.5	Integra LifeSciences Holdings Corporation Amended and Restated 2003 Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 11, 2008)
10.6	Amendment to the Integra LifeSciences Holdings Corporation 2003 Equity Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 11, 2008)
*10.7	Amendment 2008-2, dated as of August 6, 2008, to the Second Amended and Restated Employment Agreement, between Integra LifeSciences Holdings Corporation and Stuart M. Essig, which is filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and previously amended by Amendment 2006-1, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 22, 2006 and Amendment 2008-1, filed as Exhibit 10.12(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2007 filed on May 16, 2008
*10.8	Form of Contract Stock/Restricted Units Agreement for Mr. Essig
*10.9	Form of Performance Stock Agreement for Mr. Essig
*10.10	Lease Agreement between 109 Morgan Lane, LLC and Integra LifeSciences Corporation, dated May 15, 2008
*31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

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 thereunto duly authorized.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

Date: August 11, 2008

/s/ Stuart M. Essig

Stuart M. Essig
President and Chief Executive Officer

Date: August 11, 2008

/s/ John B. Henneman, III

John B. Henneman, III
Executive Vice President,
Finance and Administration, and
Chief Financial Officer

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*10.4	Form of Restricted Stock Agreement for Non-Employee Directors under the Integra LifeSciences Holdings Corporation Equity Incentive Plan
10.5	Integra LifeSciences Holdings Corporation Amended and Restated 2003 Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 11, 2008)
10.6	Amendment to the Integra LifeSciences Holdings Corporation 2003 Equity Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 11, 2008)
*10.7	Amendment 2008-2, dated as of August 6, 2008, to the Second Amended and Restated Employment Agreement, between Integra LifeSciences Holdings Corporation and Stuart M. Essig, which is filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and previously amended by Amendment 2006-1, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 22, 2006 and Amendment 2008-1, filed as Exhibit 10.12(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2007 filed on May 16, 2008
*10.8	Form of Contract Stock/Restricted Units Agreement for Mr. Essig
*10.9	Form of Performance Stock Agreement for Mr. Essig
*10.10	Lease Agreement between 109 Morgan Lane, LLC and Integra LifeSciences Corporation, dated May 15, 2008
*31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

Exhibit 10.4

FORM OF RESTRICTED STOCK AGREEMENT

FOR NON-EMPLOYEE DIRECTORS (Quarterly Vesting)

THIS RESTRICTED STOCK AGREEMENT (the "Award Agreement")**,** dated as of _____ (the "Award Date"), is made by and between Integra LifeSciences Holdings Corporation**,** a Delaware corporation (the "Company"), and _____**, a non-employee director** of the Company, hereinafter referred to as the "Participant":

WHEREAS, the Company maintains the Integra LifeSciences Holdings Corporation [2000] [2001] [2003] Equity Incentive Plan, as amended (the "Plan"), and wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made part of this Award Agreement; and

NOW, THEREFORE, in consideration of the various covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

Capitalized terms not otherwise defined below shall have the meaning set forth in the Plan. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.1 Restricted Stock. "Restricted Stock" shall mean _____ shares of Common Stock of the Company issued under this Award Agreement and subject to the Restrictions imposed hereunder.

Section 1.2 Restrictions. "Restrictions" shall mean the forfeiture and transferability restrictions imposed upon Restricted Stock under the Plan and this Award Agreement.

Section 1.3 Rule 16b-3. "Rule 16b-3" shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

Section 1.4 Secretary. "Secretary" shall mean the Secretary of the Company.

Section 1.5 Termination of Service. "Termination of Service" shall mean the time when the Participant ceases to provide services to the Company and its Related Corporations and Affiliates as an employee or Associate for any reason with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, or Disability, but excluding a termination where the Participant is simultaneously reemployed by, or remains employed by, or continues to provide services to, the Company and/or one or more of its Related Corporations and Affiliates or a successor entity thereto.

Section 1.6 Vested Shares. "Vested Shares" shall mean the shares of Restricted Stock which are no longer subject to the Restrictions by reason of Section 3.2.

Section 1.7 Vesting Date. "Vesting Date" shall mean each of the three-month, six- month, nine-month and twelve-month anniversary dates of the Award Date.

ARTICLE II.
ISSUANCE OF RESTRICTED STOCK

Section 2.1 Issuance of Restricted Stock. On the date hereof the Company issues to the Participant the Restricted Stock subject to the Restrictions and other conditions set forth in this Award Agreement. The Company shall cause the Restricted Stock to be issued in the name of the Participant or held in book entry form, but if a stock certificate is issued it shall be delivered to and held in custody by the Company until the Restrictions lapse or such Restricted Stock is forfeited. As a further condition to the Company's obligations under this Award Agreement, the Participant's spouse, if any, shall execute and deliver to the Company the Consent of Spouse attached hereto as Exhibit A.

Section 2.2 Restrictions. Until vested pursuant to Section 3.2, the Restricted Stock shall be subject to forfeiture as provided in Section 3.1 and may not be sold, assigned, transferred, pledged, or otherwise encumbered or disposed of.

Section 2.3 Voting and Dividend Rights. The Participant, shall have all the rights of a stockholder with respect to his Restricted Stock, including the right to vote the Restricted Stock and the right to receive all dividends or other distributions paid or made with respect to the Restricted Stock.

ARTICLE III.
RESTRICTIONS

Section 3.1 Forfeiture. Upon the Participant's Termination of Service, the Participant's rights in Restricted Stock that has not yet vested pursuant to Section 3.2 shall lapse, and such Restricted Stock shall be surrendered to the Company without consideration (and, in the event of certificates representing such Restricted Stock are held by the Company, such Restricted Stock shall be so transferred without any further action by the Participant).

Section 3.2 Termination of Restrictions. The Restrictions shall terminate and lapse, and such shares shall vest in the Participant and become Vested Shares on each Vesting Date as provided in Section 3.3, provided that the Participant has continued to serve as an employee or an Associate from the Award Date to and including such Vesting Date. Notwithstanding the foregoing, upon a Change in Control, all Restrictions shall lapse and all Restricted Stock shall become Vested Shares.

Section 3.3 Lapse of Restrictions. One-fourth of the shares of Restricted Stock shall become Vested Shares on each Vesting Date. On each Vesting Date, the Company shall issue new certificates evidencing such Vested Shares and deliver such certificates to the Participant or his legal representative, or record such Vested Shares in book entry form, free from the legend provided for in Section 4.2 and any of the other Restrictions; provided, however,

such certificates shall bear any other legends and such book entry accounts shall be subject to any other restrictions as the Company may determine are required to comply with Section 4.6. Such Vested Shares shall cease to be considered Restricted Stock subject to the terms and conditions of this Award Agreement. Notwithstanding the foregoing, no such new certificate shall be delivered to the Participant or his legal representative unless and until the Participant or his legal representative shall have paid to the Company in cash or by check the full amount of all federal, state and local withholding or other employment taxes applicable to the taxable income of the Participant resulting from the lapse of the Restrictions.

ARTICLE IV.
MISCELLANEOUS

Section 4.1 No Additional Rights. Nothing in this Award Agreement or in the Plan shall confer upon any person any right to a position as an Associate or continued employment by the Company or any of its Related Corporations or Affiliates or affect in any way the right of any of the foregoing to terminate the services of an individual at any time.

Section 4.2 Legend. Any certificates representing shares of Restricted Stock issued pursuant to this Award Agreement shall, until all Restrictions lapse and new certificates are issued pursuant to Section 3.3, bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN VESTING REQUIREMENTS AND MAY BE SUBJECT TO FORFEITURE UNDER THE TERMS OF THAT CERTAIN RESTRICTED STOCK AGREEMENT BY AND BETWEEN INTEGRA LIFESCIENCES HOLDINGS CORPORATION AND THE HOLDER OF THE SECURITIES. PRIOR TO VESTING OF OWNERSHIP IN THE SECURITIES, THEY MAY NOT BE, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, OR OTHERWISE ENCUMBERED OR DISPOSED OF UNDER ANY CIRCUMSTANCES. COPIES OF THE ABOVE REFERENCED AGREEMENT ARE ON FILE AT THE OFFICES OF THE CORPORATION AT 311 ENTERPRISE DRIVE, PLAINSBORO, NEW JERSEY 08536.

Section 4.3 Tax Withholding. On each Vesting Date, the Company shall notify the Participant of the amount of tax which must be withheld by the Company under all applicable federal, state and local tax laws. The Participant agrees to make arrangements with the Company to remit a cash payment of the required amount to the Company.

Section 4.4 Notices. Any notice to be given under the terms of this Award Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Participant shall be addressed to him at the address given beneath his signature hereto. By a notice given pursuant to this Section 4.4, either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to the Participant shall, if the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 4.4. Any notice shall have been deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited

(with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 4.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

Section 4.6 Conformity to Securities Laws. This Award Agreement is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, this Award Agreement shall be administered, and the Restricted Stock shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Award Agreement and the Restricted Stock issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 4.7 Amendment. This Award Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Award Agreement.

Section 4.8 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Award Agreement regardless of the law that might be applied under principles of conflicts of laws.

*****

IN WITNESS HEREOF, this Award Agreement has been executed and delivered by the parties hereto.

THE PARTICIPANT	INTEGRA LIFESCIENCES HOLDINGS CORPORATION
_____	By _____
[Name]	Name: Title:
_____	
Address	

EXHIBIT A

CONSENT OF SPOUSE

I, _____, spouse of _____, have read and approve the foregoing Award Agreement. In consideration of granting of the right to my spouse to purchase shares of Integra LifeSciences Holdings Corporation as set forth in the Award Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Award Agreement and agree to be bound by the provisions of the Award Agreement insofar as I may have any rights in said Award Agreement or any shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Award Agreement.

Dated: _____, _____

_____

[Spouse's Name]

Exhibit 10.7

AMENDMENT 2008-2
TO
SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDMENT, dated as of August 6, 2008, between Integra LifeSciences Holdings Corporation, a Delaware corporation (the "Company") and Stuart M. Essig ("Executive").

RECITALS

WHEREAS, the Company and Executive previously entered into the Second Amended and Restated Employment Agreement, dated as of July 27, 2004, (the "Employment Agreement"), that sets forth the terms and conditions of Executive's employment with the Company, including, but not limited to, severance benefits that will be payable to Executive if he experiences a covered termination and the grant of certain equity-based awards to Executive;

WHEREAS, as of December 19, 2006, Company and Executive entered into Amendment 2006-1 to the Employment Agreement ("Amendment 2006-1") to provide certain severance benefits to Executive in the event Executive's employment is terminated by Company for a covered termination in connection with a Change in Control (as defined in the Employment Agreement);

WHEREAS, as of March 6, 2008, Company and Executive entered into Amendment 2008-1 to the Employment Agreement ("Amendment 2008-1") to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations issued thereunder;

WHEREAS, the Company and Executive desire to amend the Employment Agreement to extend the term of Executive's employment and to modify the provisions of the Employment Agreement relating to the grant of equity-based awards to Executive; and

WHEREAS, Section 8.6 of the Employment Agreement provides that the Employment Agreement may be amended pursuant to a written agreement between the Company and Executive.

NOW, THEREFORE, the Company and Executive hereby agree that, effective as of August 6, 2008, the Employment Agreement, Amendment 2006-1 and Amendment 2008-1 shall be amended as follows:

1. Section 2.1 of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

"2.1 Term. The term of Executive's employment hereunder commenced on July 27, 2004 (the "Commencement Date") and shall continue until December 31, 2011, as further extended or unless sooner terminated in accordance with the other provisions hereof (the "Term"). Except as hereinafter provided, on December 31, 2011 and on each subsequent one-year anniversary thereof, the Term shall be automatically extended for one year unless either party shall have given to the other party written notice of termination of this Agreement at least six months prior to such anniversary. If written notice of termination is given as provided above,

Executive's employment under this Agreement shall terminate on the last day of the then-current Term."

2. Section 3.2(b)(i) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

"(i) (A) The parties hereby acknowledge and agree that the Company has granted to Executive the 2003 Plan Option, as defined in the Second Amended and Restated Employment Agreement between the Company and Executive, dated as of July 27, 2004, as in effect prior to this Amendment 2008-2, and the annual stock option grants contemplated thereby (together with the 2003 Plan Option, the "Additional Company Stock Options"). For purposes of clarification, the term "Prior Options," as used herein, shall not include the Additional Company Stock Options or the Special 2008 Stock Option (as defined below).

(B) On the first day following August 6, 2008 on which trading in the Common Stock is permitted by the Company's trading window, the Company shall grant Executive a non-qualified stock option under the Company's 2003 Equity Incentive Plan (the "2003 Plan") to purchase 125,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on the grant date (the "Special 2008 Stock Option" and, together with the Prior Options and the Additional Company Stock Options, the "Stock Options"). The Special 2008 Stock Option shall have a ten-year term and shall be granted on the other terms and conditions set forth in the Stock Option Grant and Agreement attached as Exhibit A hereto (the "Special 2008 Stock Option Agreement"). In the event of any inconsistency between the terms of this Agreement and the Special 2008 Stock Option Agreement, the Special 2008 Stock Option Agreement shall govern."

3. Section 3.2(b)(ii) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

"(ii) The Company hereby represents and warrants to Executive that (A) the 2003 Plan has and will have sufficient shares available to effect the grant and exercise of the Special 2008 Stock Option and the stock options previously granted to Executive pursuant to this Agreement under the 2003 Plan (such options, together with the Special 2008 Stock Option, the "2003 Plan Stock Options") , and the 2003 Plan has been approved by the Company's stockholders, (B) the Special 2008 Stock Option and the other 2003 Plan Stock Options have been properly authorized and approved by the Board and/or its Compensation Committee, (C) the issuance of the Company Stock underlying the Special 2008 Stock Option and the other 2003 Plan Stock Options have been or will be registered on Form S-8 and (D) stockholder approval is not required to grant the Special 2008 Stock Option."

4. The reference to "Section 3.3" in Section 3.2(b)(iv) of the Employment Agreement is hereby amended to read "Section 3.2(c)(i)(A)."

5. The section heading of Section 3.2(c) of the Employment Agreement is hereby amended to read "Restricted Units; Annual Awards."

6. Section 3.2(c)(i) of the Employment Agreement, as amended by Amendment 2008-1, is hereby amended and restated in its entirety to read as follows:

"(i) (A) *2004 Restricted Units.* The Company issued to Executive on the Commencement Date a fully-vested equity-based signing award bonus in the form of contract stock for 750,000 shares of the Company's common stock (the "2004 Restricted Units") pursuant to the 2003 Plan and the terms and conditions set forth in the Contract Stock/Restricted Units Agreement, dated as of July 27, 2004 (the "2004 Restricted Units Agreement"). The 2004 Restricted Units Agreement has subsequently been amended. In the event of any inconsistency between the terms of this Agreement and the 2004 Restricted Units Agreement, as amended, the 2004 Restricted Units Agreement, as amended, shall govern. The shares underlying the 2004 Restricted Units (the "2004 Unit Shares") shall be delivered to Executive in accordance with the terms of the 2004 Restricted Units Agreement, as amended. For purposes of clarification, the term "Prior Restricted Units," as used herein, shall not include the 2004 Restricted Units, or the Special 2008 Restricted Units or the Annual Awards (each as defined below).

(B) *Special 2008 Restricted Units.* On August 6, 2008, the Company shall grant to Executive a fully-vested equity-based signing award bonus in the form of contract stock for 375,000 shares of the Company's common stock (the "Special 2008 Restricted Units") pursuant to the 2003 Plan and the terms and conditions set forth in the Contract Stock/Restricted Units Agreement attached as Exhibit D hereto (the "Special 2008 Restricted Units Agreement"). The shares underlying the Special 2008 Restricted Units (the "Special 2008 Restricted Unit Shares") shall be delivered to Executive in accordance with the terms of the Special 2008 Restricted Units Agreement.

(C) *Annual Award.* During the period of the Term following August 6, 2008, provided that Executive is an employee of the Company at the time of grant, the Company shall annually grant to Executive in December of each year (commencing with a grant expected to be made in December 2008) an award (the "Annual Award") in the form of either (i) contract stock for between 75,000 and 100,000 (inclusive) shares of the Company's common stock (the "Annual Restricted Units") pursuant to the 2003 Plan and the terms and conditions set forth in a Contract Stock/Restricted Units Agreement substantially in the form attached as Exhibit E hereto (the "Annual Restricted Units Agreement"), or (ii) performance stock for between 75,000 and 100,000 (inclusive) shares of the Company's common stock (the "Annual Performance Stock") pursuant to the 2003 Plan and the terms and conditions set forth in a Performance Stock Agreement substantially in the form attached as Exhibit F hereto (the "Annual Performance Stock Agreement"). The form of the Annual Award (*i.e.,* whether the Annual Award is Annual Restricted Units or Annual Performance Stock) will be determined by the Compensation Committee of the Board in its absolute discretion. The shares underlying the Annual Awards (the "Annual Award Shares") shall vest and be delivered to Executive in accordance with the terms of the Annual Restricted Units Agreement and/or the Annual Performance Stock Agreement, as applicable (in any case, the "Annual Award Agreement"). For purposes of this Agreement, (a) the Prior Restricted Units, the 2004 Restricted Units, the Special 2008 Restricted Units and the Annual Awards shall be referred to herein as the "Restricted Units," and (b) the 2004 Restricted Units Agreement, the Special 2008 Restricted Units Agreement and the Annual Award Agreements shall be referred to herein as the "Restricted Units Agreements."

In the event of any inconsistency between the terms of this Agreement and any Annual Award Agreement or the Special 2008 Restricted Units Agreement, the Annual Award Agreement and the Special 2008 Restricted Units Agreement, respectively, shall govern."

7. The Employment Agreement is hereby amended such that references therein to the following defined terms shall be modified as follows:

(a) References to "Additional Restricted Units" shall be replaced with references to "2004 Restricted Units";

(b) References to "Restricted Units Agreement" shall be replaced with references to "2004 Restricted Units Agreement"; and

(c) References to "Additional Unit Shares" shall be replaced with references to "2004 Unit Shares."

8. Section 3.2(c)(ii) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

"(ii) The shares underlying the Prior Restricted Units (the "Prior Restricted Unit Shares" and, collectively with the 2004 Unit Shares, the Special 2008 Restricted Unit Shares and the Annual Award Shares, the "Restricted Unit Shares") shall be delivered to Executive on the dates specified in the Initial Employment Agreement or Amended and Restated Employment Agreement and the award agreements that were exhibits thereto, as applicable, if Executive is still employed by the Company on the dates specified in such respective agreements and, except as provided in the following sentence, this Agreement shall not be deemed to modify the Prior Restricted Units or Prior Restricted Unit Shares in any respect. Notwithstanding anything contained herein, Executive's right to defer delivery of Prior Restricted Unit Shares on six months' advance notice shall be deemed modified to be 12 months' advance notice."

9. Section 3.2(c)(iii) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

"(iii) The Company hereby represents and warrants to Executive that (i) stockholder approval is not required to grant the Special 2008 Restricted Units, or to distribute to Executive the Special 2008 Restricted Unit Shares, (ii) the 2003 Plan has and will have sufficient shares available to effect the distribution of the 2004 Unit Shares and the Special 2008 Restricted Unit Shares, (iii) the 2004 Restricted Units and the Special 2008 Restricted Units have been properly authorized and approved by the Board and/or its Compensation Committee and (iv) the Company will use commercially reasonable best efforts to cause the issuance of the 2004 Unit Shares and the Special 2008 Restricted Unit Shares to be registered on Form S-8."

10. The final sentence of Section 4.1 of the Employment Agreement, as amended by Amendment 2008-1, is hereby amended and restated in its entirety to read as follows:

"All 2004 Unit Shares, Special 2008 Restricted Unit Shares and Annual Award Shares shall be delivered to Executive as provided in his Restricted Units Agreements, respectively."

11. In Section 4.2 of the Employment Agreement, as amended by Amendment 2008-1, both references to "December 31, 2009" are hereby amended to read "December 31, 2011." In addition, the final sentence of Section 4.2 of the Employment Agreement, as amended by Amendment 2008-1, is hereby amended and restated in its entirety to read as follows:

"All 2004 Unit Shares, Special 2008 Restricted Unit Shares and Annual Award Shares shall be delivered to Executive as provided in his Restricted Units Agreements, respectively."

12. In Section 4.3 of the Employment Agreement, as amended by Amendment 2008-1, both references to "December 31, 2009" are hereby amended to read "December 31, 2011." In addition, the second and third sentences of Section 4.3 of the Employment Agreement, as amended by Amendment 2008-1, are hereby amended and restated in their entirety to read as follows:

"If Executive's employment hereunder is terminated for Cause in accordance with this Section 4.3 prior to December 31, 2011, (i) the portion of the Stock Options that is vested on the Date of Termination shall be exercisable until their original respective expiration dates, (ii) the non-vested portions of the Stock Options shall terminate on the Date of Termination and (iii) and the 2004 Unit Shares, Special 2008 Restricted Unit Shares and Annual Award Shares shall be delivered to Executive as provided in his Restricted Units Agreements, respectively. In addition, if the Executive's employment is terminated for Cause in accordance with this Section 4.3, the Prior Restricted Unit Shares shall be distributed to Executive in accordance with the terms of the Initial Employment Agreement or Amended and Restated Employment Agreement and the award agreements that were exhibits thereto, as applicable."

13. Clause (D) of the first full sentence of Section 4.4(a) of the Employment Agreement, as amended by Amendment 2006-1 and Amendment 2008-1, is hereby amended and restated in its entirety to read as follows:

"(D) all 2004 Unit Shares, Special 2008 Restricted Unit Shares and Annual Award Shares shall be delivered to Executive as provided in his Restricted Units Agreements, respectively."

14. The reference to clause "(x)" of the definition of Good Reason in the first paragraph of Section 4.4(b) of the Employment Agreement is hereby amended to refer to clause "(ix)" instead.

15. The second sentence of Section 4.5 of the Employment Agreement, as amended by Amendment 2006-1, is hereby amended and restated in its entirety to read as follows:

"In the event that Executive's employment with the Company terminates upon expiration of the Term because the Company provides Executive with notice of termination pursuant to Section 2.1, then, in addition to the foregoing, each Stock Option outstanding as of such date, other than the Special 2008 Stock Option, shall fully vest (to the extent not already vested) and shall remain exercisable until the expiration date of such Stock Option (e.g., 10 years after the grant date or such lesser time as is specified in the Stock Option grant). The treatment of the Special 2008 Stock Option in the event of a failure to extend this Agreement shall be as set forth in the Special 2008 Stock Option Agreement."

16. Section 5.1 of the Employment Agreement, as amended by Amendment 2008-1, is hereby amended in its entirety to read as follows:

"5.1 Triggering Events. Unless Executive has been terminated for Cause in accordance with Section 4.3 hereof or has voluntarily left his employment with the Company (other than for Good Reason or due to Disability), in each case prior to December 31, 2011, upon the occurrence of a Change in Control, each Stock Option shall vest (to the extent not already vested) and be exercisable through its original expiration date and all 2004 Unit Shares, Special 2008 Restricted Unit Shares and Annual Award Shares shall be distributed to Executive as provided in his Restricted Units Agreements, respectively. In the event that the delivery of the 2004 Unit Shares, Special 2008 Restricted Unit Shares or Annual Award Shares are not made on the Change in Control as provided in the Restricted Units Agreements, respectively, and cash is paid as consideration for the Company's common stock in the Change in Control, then the Company, or its successor in the Change in Control, shall deposit in an irrevocable rabbi trust with a reputable financial institution acceptable to Executive the cash equivalent of the 2004 Unit Shares, Special 2008 Restricted Unit Shares and Annual Award Shares, and such cash equivalent and any interest or earnings thereon shall be delivered to Executive as set forth in the Restricted Units Agreements, respectively."

17. In all respects not modified by this Amendment 2008-2, the Employment Agreement, Amendment 2006-1 and Amendment 2008-1 are hereby ratified and confirmed.

[*Signature page follows*]

IN WITNESS WHEREOF, Company and Executive agree to the terms of the foregoing Amendment 2008-2, effective as of the date set forth above.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: /s/ Richard E. Caruso

Name: Richard E. Caruso
Title: Chairman of the Board of Directors

EXECUTIVE

/s/ Stuart M Essig

Stuart M. Essig

EXHIBIT A

[Stock Option Grant and Agreement]

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
STOCK OPTION GRANT AND AGREEMENT
Pursuant to
2003 EQUITY INCENTIVE PLAN

STOCK OPTION GRANT AND AGREEMENT made as of the ___ day of ___, 2008 (the "Grant Date"), between INTEGRA LIFESCIENCES HOLDINGS CORPORATION, a Delaware corporation (the "Company"), and STUART M. ESSIG, an employee of the Company (the "Employee").

WHEREAS, the Employee and the Company previously entered into that certain Second Amended and Restated Employment Agreement dated as of July 27, 2004, as amended by Amendment 2006-1 to the Second Amended and Restated Employment Agreement and Amendment 2008-1 to the Second Amended and Restated Employment Agreement;

WHEREAS, as of August 6, 2008, the Company and Executive have entered into an Amendment 2008-2 to the Second Amended and Restated Employment Agreement (such Second Amended and Restated Employment Agreement, as so amended being hereinafter called the "Employment Agreement"), pursuant to which Executive will continue to serve as President and Chief Executive Officer of the Company, on the terms and conditions set forth and described therein;

WHEREAS, pursuant to the Employment Agreement, the Company has agreed to grant to Executive a non-qualified stock option to purchase an aggregate of 125,000 (one hundred twenty-five thousand) shares of common stock of the Company, par value $.01 per share ("Common Stock"), on the terms set forth herein; and

WHEREAS, the grant of the stock option hereunder is being made under the Integra LifeSciences Holdings Corporation 2003 Equity Incentive Plan (the "2003 Plan"), a copy of which is attached hereto and the terms and conditions of which are incorporated herein by reference;

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Option. Pursuant to Section 3.2(b)(i)(B) of the Employment Agreement, the Company hereby grants to the Employee a non-qualified stock option (the "Option") to purchase all or any part of an aggregate of 125,000 shares of Common Stock.

2. Purchase Price. The purchase price per share of the shares of Common Stock covered by the Option shall be $[FAIR MARKET VALUE ON THE DATE OF GRANT]. It is the

determination of the Company's Compensation Committee (the "Committee") that on the Grant Date the purchase price per share was not less than the greater of one hundred percent (100%) of the fair market value of the Common Stock, or the par value thereof.

3. Term. Unless earlier terminated pursuant to any provision of this Stock Option Grant and Agreement, this Option shall expire on [TENTH ANNIVERSARY OF DATE OF GRANT] (the "Expiration Date"). Notwithstanding anything herein to the contrary, this Option shall not be exercisable after the Expiration Date.

4. Exercise of Option. The Committee, using its authority and discretion under Sections 3(b) and 7.1 of the 2003 Plan to set the terms of Options granted under the 2003 Plan, has determined that this Option, subject to law and regulation, shall vest and become exercisable in such installments and on such dates, as follows:

This Option shall vest and become exercisable with respect to 31,250 shares on the first anniversary of the Grant Date. Thereafter, this Option shall vest and become exercisable with respect to 1/36th of the remaining shares on the first business day of each following month. Except as provided in Section 8(i) hereof, this Option, to the extent not theretofore expired or terminated, shall vest and become exercisable in its entirety, and shall remain exercisable until the Expiration Date, (i) upon the occurrence of a "Change in Control" (as defined in the Employment Agreement), or (ii) upon the receipt of a bona fide two-tier tender offer with respect to the outstanding shares of Common Stock. This Option shall be subject to accelerated vesting as set forth in Sections 8(ii) and 8(iii) hereof.

Notwithstanding anything contained herein, no portion of the Option which has not become vested and exercisable as of the Employee's termination of employment or in connection with Employee's termination of employment shall thereafter become vested or exercisable.

Once the Option becomes exercisable in accordance with the foregoing, it shall remain exercisable, subject to the provisions contained in this Stock Option Grant and Agreement, until the expiration of the term of this Option as set forth in Paragraph 3 or until other termination of the Option as set forth in this Stock Option Grant and Agreement.

5. Method of Exercising Option. Subject to the terms and conditions of this Stock Option Grant and Agreement, the Option may be exercised in whole or in part by written notice to the Company, at its principal office, which is currently located at 311 Enterprise Drive, Plainsboro, New Jersey 08536. Such notice shall state the election to exercise the Option, and the number of shares with respect to which it is being exercised, shall be signed by the person or persons so exercising the Option; shall, unless the Company otherwise notifies the Employee, be accompanied by the investment certificate referred to in Section 6; and shall be accompanied by payment of the full Option price of such shares.

The Option price shall be paid to the Company in: (i) cash; (ii) cash equivalent; (iii) Common Stock of the Company, in accordance with Section 7.1(f)(ii) of the 2003 Plan (as in effect on the date of this Stock Option Grant and Agreement); (iv) any combination of (i)-(iii); or (v) by delivering a properly executed notice of exercise of the Option in accordance with Section 7.1(f)(iii) of the 2003 Plan (as in effect on the date of this Stock Option Grant and Agreement).

Upon receipt of such notice and payment, the Company, as promptly as practicable, shall deliver or cause to be delivered a certificate or certificates representing the shares with respect to which the Option is so exercised. Such certificate(s) shall be registered in the name of the person or persons so exercising the Option (or, if the Option is exercised by the Employee and if the Employee so requests in the notice exercising the Option, shall be registered in the name of the Employee and the Employee's spouse, jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising the Option. In the event the Option is exercised by any person or persons after the legal disability or death of the Employee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option. All shares that are purchased upon the exercise of the Option as provided herein shall be fully paid and not assessable by the Company.

6. Shares to be Purchased for Investment. Unless the Company has theretofore notified the Employee that a registration statement covering the shares to be acquired upon the exercise of the Option has become effective under the Securities Act of 1933 and the Company has not thereafter notified the Employee that such registration statement is no longer effective, it shall be a condition to any exercise of this Option that the shares acquired upon such exercise be acquired for investment and not with a view to distribution, and the person effecting such exercise shall submit to the Company a certificate of such investment intent, together with such other evidence supporting the same as the Company may request. Notwithstanding the foregoing, upon the written request of Employee, the Company shall provide the Employee with a shelf registration pursuant to a registration statement subject to the terms set forth in Exhibit B to the Employment Agreement. The Company shall be entitled to delay the transferability of the shares issued upon any such exercise to the extent necessary to avoid a risk of violation of the Securities Act of 1933 (or of any rules or regulations promulgated thereunder) or of any state laws or regulations. Such restrictions may, at the option of the Company, be noted or set forth in full on the share certificates. If any law or regulation requires the Company to take any additional action regarding the Common Stock before the Company issues certificates for the Common Stock subject to this Option or before such Common Stock may be transferred by the Employee, the Company shall use its commercially reasonable best efforts to resolve such problem. The Company may choose an alternative method of delivering the shares.

7. Transferability. This Option is not assignable or transferable, in whole or in part, by the Employee other than by will or by the laws of descent and distribution, and during the lifetime of the Employee the Option shall be exercisable only by the Employee or by his/her guardian or legal representative.

8. Termination of Employment. If the Employee's employment with the Company and all Related Corporations, as defined in the 2003 Plan, is terminated for any reason other than death or disability prior to the Expiration Date of this Option as set forth in Paragraph 3, this Option shall vest and become exercisable in the following manner:

(i) Termination for Cause or Voluntary Termination Without Good Reason. If the Employee is terminated for "Cause" as defined in Section 4.3 of the Employment Agreement, or if the Employee voluntarily leaves his employment with the Company (other than for "Good Reason" as defined in Section 4.4 of the Employment Agreement, or "Disability" as defined in Section 4.2 of the Employment Agreement) prior to the later of (i) December 31, 2011, or (ii) in the event that Employee and the Company enter into (including by way of an automatic

extension) a new, amended or renewed employment agreement on or prior to December 31, 2011, the last day of the term of such new, amended or renewed employment agreement (the "Extended Expiration Date"), then the portion of this Option that is vested on the date of termination shall be exercisable until the Expiration Date and the non-vested portion of this Option shall terminate on the date of termination.

(ii) Termination without Cause or by Employee for Good Reason. If Employee is terminated without "Cause" or terminates employment for "Good Reason", then this Option shall become immediately vested and exercisable and shall remain exercisable in full until the Expiration Date.

(iii) Termination Upon Nonrenewal. If Employee's employment terminates as a result of the Employment Agreement (or the Executive's successor employment agreement with the Company, if any) not being amended, renewed or replaced by a new employment agreement upon the expiration of such agreement on December 31, 2011 or the Extended Expiration Date, if any, then this Option shall become immediately vested and exercisable as of the date of termination and shall remain exercisable in full until the Expiration Date.

9. Disability. If the Employee terminates due to Disability during his employment and prior to the Expiration Date of this Option as set forth in Section 3, the vested portion of this Option shall be exercisable until the later of (i) one year from the date of termination, or (ii) the later of December 31, 2011 or the Extended Expiration Date, if any, but in no event beyond the Expiration Date, and the non-vested portion of this Option shall terminate on the date of termination.

10. Death. If the Employee dies during his employment and prior to the Expiration Date, or if the Employee dies during any period following termination of employment but while this Option is still exercisable, then the vested portion of this Option shall be exercisable by the Employee's estate, personal representative or beneficiary who acquired the right to exercise this Option by bequest or inheritance or by reason of the Employee's death at any time prior to the later of (i) the later of December 31, 2011 or the Extended Expiration Date, if any, or (ii) one (1) year after the Employee's death, but in no event beyond the Expiration Date, and the non-vested portion of this Option shall terminate on the date of Employee's death.

11. Withholding of Taxes. The obligation of the Company to deliver shares of Common Stock upon the exercise of the Option shall be subject to applicable federal, state and local tax withholding requirements. If the exercise of any Option is subject to the withholding requirements of applicable federal, state or local tax laws, the Committee, in its discretion, may permit the Employee, subject to the provisions of the 2003 Plan (as in effect on the date of this Stock Option Grant and Agreement) and such additional withholding rules (the "Withholding Rules") as shall be adopted by the Committee, to satisfy the withholding tax, in whole or in part, by electing to have the Company withhold (or by returning to the Company) shares of Common Stock, which shares shall be valued, for this purpose, at their fair market value on the date of exercise of the Option (or, if later, the date on which the Employee recognizes ordinary income with respect to such exercise). An election to use shares of Common Stock to satisfy tax withholding requirements must be made in compliance with and subject to the Withholding Rules. The Committee may not withhold shares in excess of the number necessary to satisfy the minimum tax withholding requirements, *provided*, that in the event that the number of shares

having a fair market value equal to the sums required to be withheld is not a whole number of shares, the number of shares so withheld shall be rounded up to the nearest whole share.

12. Adjustment of and Changes in the Common Stock.

(a) In the event the outstanding shares of the Common Stock shall be changed into an increased number of shares, through a share dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares, then immediately after the record date for such change, the number of shares of Common Stock then subject to the Option shall be proportionately increased, in case of such share dividend or split-up of shares, or proportionately decreased, in case of such combination of shares. In the event the Company shall issue any of its shares of Common Stock or other securities or property (other than common stock which is covered by the preceding sentence), in a reclassification of the Common Stock (including without limitation any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the Option shall be adjusted so that the Employee shall be entitled to receive upon exercise of the Option the same kind and number of shares or other securities or property which the Employee would have owned or have been entitled to receive after the happening of any of the events described above, had he owned the shares of the Common Stock subject to the Option immediately prior to the happening of such event or any record date with respect thereto, which adjustment shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) In the event the Company shall distribute to all holders of the Common Stock evidences of its indebtedness or assets (including leveraged recapitalizations with special cash distributions), but excluding regular quarterly cash dividends, then in each case the number of shares of Common Stock thereafter subject to the Option shall be determined by multiplying the number of shares theretofore subject to the Option by a fraction, (i) the numerator of which shall be the then current market price per share of Common Stock (as determined in paragraph (c) below) on the record date for such distribution, and (ii) the denominator of which shall be the then current market price per share of the Common Stock less the then fair value (as mutually determined in good faith by the Board of Directors of the Company (the "Board") and the Employee) of the portion of the assets or evidences of indebtedness so distributed applicable to a share of Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective on the date of distribution retroactive to the record date for the determination of shareholders entitled to receive such distribution.

(c) For the purpose of any computation under paragraph (b) of this Section 12, the current market price per share of the Common Stock at any date shall be deemed to be the average of the daily Stock Prices for 15 consecutive Trading Days commencing 20 Trading Days before the date of such computation. "Stock Price" for each Trading Day shall be the "Fair Market Value" of the Common Stock (as defined in the 2003 Plan, as in effect on the date of this Stock Option Grant and Agreement) for such Trading Day. "Trading Day" shall be each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which the Common Stock is not traded on the exchange or in the market which is the principal United States market for the Common Stock.

(d) Notwithstanding anything in this Agreement to the contrary, in the event of a spin-off by the Company to its shareholders, the adjustment of the Option shall be

determined in an appropriate and equitable manner, and it is the intention of the parties hereto that, to the extent practicable, such adjustment shall include an option grant to acquire an equity interest in the spun-off entity.

(e) Whenever the number of shares of Common Stock subject to the Option is adjusted as herein provided, the purchase price per share of Common Stock issuable thereunder shall be adjusted by multiplying such purchase price immediately prior to such adjustment by a fraction, the numerator of which shall be the number of shares of Common Stock subject to the Option immediately prior to such adjustment, and the denominator of which shall be the number of shares of Common Stock subject to the Option immediately thereafter.

(f) For the purpose of this Section 12, the term "Common Stock" shall mean (i) the class of Company securities designated as the Common Stock at the date of this Stock Option and Grant Agreement, or (ii) any other class of equity interest resulting from successive changes or reclassifications of such shares consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to the second sentence of Section 12(a) above, the Employee shall become entitled to, upon exercise of the Option, any shares other than the Common Stock, thereafter the number of such other shares issuable on exercise of the Option and the exercise price per share of Common Stock issuable thereunder shall be subject to adjustment from time to time in a manner and on the terms as nearly equivalent as practicable to the provisions with respect to the shares contained in this Section 12 and the provisions of this Stock Option and Grant Agreement with respect to the shares of Common Stock issuable on exercise of the Option shall apply on like terms to any such other shares.

(g) In case of any consolidation of the Company or merger of the Company with another corporation as a result of which Common Stock is converted or modified or in case of any sale or conveyance to another corporation of the property, assets and business of the Company as an entirety or substantially as an entirety, the Company shall modify the Option so as to provide the Employee with an option for the kind and amount of shares and other securities and property that he would have owned or have been entitled to receive immediately after the happening of such consolidation, merger, sale or conveyance had the Option, immediately prior to such action, actually been exercised for shares and, if applicable, other securities of the Company subject to the Option. The provisions of this Section 12(g) shall similarly apply to successive consolidations, mergers, sales or conveyances.

(h) Notwithstanding anything to the contrary contained herein, the provisions of this Section 12 shall not apply to, and no adjustment is required to be made in respect of, any of the following: (i) the issuance of shares of Common Stock upon the exercise of any other rights, options or warrants that entitle the holder to subscribe for or purchase such shares (it being understood that the sole adjustment pursuant to this Section 12 in respect of the issuance of shares of Common Stock upon exercise of rights, options or warrants shall be made at the time of the issuance by the Company of such rights, options or warrants, or a change in the terms thereof); (ii) the issuance of shares of Common Stock to the Company's employees, directors or consultants pursuant to bona fide benefit plans or employment or consulting arrangements adopted by the Company's Board of Directors; (iii) the issuance of shares of Common Stock in a bona fide public offering; (iv) the issuance of shares of Common Stock pursuant to any dividend reinvestment or similar plan adopted by the Company's Board of Directors to the extent that the

applicable discount from the current market price for shares issued under such plan does not exceed 5%; and (v) the issuance of shares of Common Stock in any arm's length transaction (including, without limitation, any acquisition, financing, private placement, or, except as provided in Section 12(g), merger or combination or consolidation), directly or indirectly, to any party.

(i) In the event the parties hereto cannot agree upon an appropriate and equitable adjustment to the Option, the services of an independent investment banker mutually acceptable to Employee and the Company shall (at the sole expense of the Company) be retained to determine an appropriate and equitable adjustment, and such determination shall be binding upon the parties.

(j) For purposes of this Stock Grant and Option Agreement, "Affiliate" of an entity or individual means any entity or individual, directly or indirectly, controlling, controlled by or under common control with such entity or individual.

(k) Notwithstanding anything in this Section 12 or this Agreement to the contrary, no adjustment shall be made and no other action shall be taken with respect to the Option under this Section 12 to the extent that such adjustment or action would cause the Option to be subject to Section 409A of the Code (as defined in the Plan) or result in a penalty tax under Section 409A of the Code.

13. Legal Fees. If any contest or dispute shall arise between the Company and the Employee regarding any provisions of this Stock Grant and Option Agreement, the Company shall reimburse the Employee for legal fees and expenses reasonably incurred by Employee in connection with such contest or dispute to the extent set forth in Section 8.1 of the Employment Agreement or any new, amended or renewed employment agreement. The application of this Section 13 (and Section 8.1 of the Employment Agreement) shall survive the termination of the Employment Agreement. Such reimbursement shall be made in accordance with the terms of Section 8.1 of the Employment Agreement or any new, amended or renewed employment agreement; *provided, however,* that such reimbursement shall be made within ninety (90) days following the resolution of such contest or dispute (whether or not appealed), but not later than the end of the calendar year following the year in which the contest or dispute is resolved, to the extent the Company receives reasonable written evidence of such fees and expenses. The amount of any payment or reimbursement of such fees or expenses in one year shall not affect the amount of payments or reimbursements that are eligible for payment or reimbursement in any subsequent year, and the Executive's right to such payment or reimbursement of any such fees or expenses shall not be subject to liquidation or exchange for any other benefit. Notwithstanding any determination or interpretation by the Committee, any dispute or controversy arising under or in connection with this Agreement, shall be settled exclusively by arbitration in Princeton, New Jersey in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

14. Construction. Except as would be in conflict with any specific provision herein, this Stock Option Grant and Agreement is made under and subject to the provisions of the 2003 Plan as in effect on the Grant Date and, except as would conflict with the provisions of this Stock Option Grant and Agreement, all of the provisions of the 2003 Plan as in effect on the Grant

Date are hereby incorporated herein as provisions of this Stock Option Grant and Agreement. In the event of any such conflict, the terms of this Stock Option Grant and Agreement shall govern. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Employment Agreement or the 2003 Plan, as applicable, unless otherwise indicated.

15. Governing Law. This Stock Option Grant and Agreement shall be governed by applicable federal law and otherwise by the laws of the State of Delaware.

16. Amendment or Modification: Waiver. No provision of this Agreement may be amended, modified or waived unless such amendment or modification is agreed to in writing, signed by the Employee and by a duly authorized officer of the Company, and such waiver is set forth in writing and signed by the party to be charged. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned have executed this Stock Option Grant and Agreement as of the date first written above.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: _____

Name:
Title:

EMPLOYEE

_____

Stuart M. Essig

EXHIBIT D

[Contract Stock/Restricted Units Agreement (Special 2008 Restricted Units)]

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONTRACT STOCK / RESTRICTED UNITS AGREEMENT
Pursuant to
2003 EQUITY INCENTIVE PLAN

AGREEMENT, dated as of August 6, 2008 (the "Grant Date"), by and between Integra LifeSciences Holdings Corporation, a Delaware corporation (the "Company"), and Stuart M. Essig ("Executive").

WHEREAS, the Company and Executive previously entered into that certain Second Amended and Restated Employment Agreement dated as of July 27, 2004, as amended by Amendment 2006-1 to the Second Amended and Restated Employment Agreement and Amendment 2008-1 to the Second Amended and Restated Employment Agreement;

WHEREAS, as of August 6, 2008, the Company and Executive have entered into an Amendment 2008-2 to the Second Amended and Restated Employment Agreement (such Second Amended and Restated Employment Agreement, as so amended being hereinafter called the "Employment Agreement"), pursuant to which Executive will continue to serve as President and Chief Executive Officer of the Company, on the terms and conditions set forth and described therein;

WHEREAS, pursuant to the Employment Agreement, the Company has agreed to grant to Executive an aggregate of 375,000 (three hundred seventy-five thousand) shares of contract stock in the form of restricted units (the "Units") representing an equal number of shares of restricted common stock of the Company, par value $.01 per share ("Common Stock"), on the terms set forth herein; and

WHEREAS, the grant of Units and restricted Common Stock hereunder is being made under the Integra LifeSciences Holdings Corporation 2003 Equity Incentive Plan (the "2003 Plan"), a copy of which is attached hereto.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Employment Agreement or the 2003 Plan, as applicable, unless otherwise indicated.

2. Grant of Units. Pursuant to Section 3.2(c)(i)(B) of the Employment Agreement, Executive is hereby granted, as of August 6, 2008, deferred compensation in the form of 375,000 (three hundred seventy-five thousand) fully vested Units pursuant to the terms of this Agreement and to the 2003 Plan.

3. Dividend Equivalents. Executive shall be entitled to receive, with respect to all outstanding Units (as such Units may be adjusted under Section 6), dividend equivalent amounts equal to the regular quarterly cash dividend payable to holders of Common Stock (to the extent regular quarterly cash dividends are paid) as if Executive were an actual shareholder with respect to the number of shares of Common Stock equal to his outstanding Units. Such dividend equivalent amounts shall be aggregated on a quarterly basis while the Units are outstanding and paid to Executive within thirty (30) days following the first business day that occurs immediately following the 6-month period after the date of Executive's "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations) (a "Separation from Service"). The dividend equivalents and any amounts that may become payable in respect thereof shall be treated separately from the Units and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Code Section 409A.

4. Payment of Units.

(a) The shares of Common Stock underlying the Units (the "Unit Shares") shall be paid out to Executive within thirty (30) days following the first business day that occurs immediately following the 6-month period after the date of Executive's Separation from Service.

(b) Any Unit Shares delivered shall be deposited in an account designated by Executive and maintained at a brokerage house selected by Executive. Any such Unit Shares shall be duly authorized, fully paid and non-assessable shares, listed with NASDAQ or the principal United States securities exchange on which the Common Stock is admitted to trading and registered on the Company Registration Statement, if registration is requested by Executive.

(c) Except as otherwise provided in this Agreement, Executive shall not be deemed to be a holder of any Common Stock pursuant to a Unit until the date of the issuance of a certificate to him for such shares and, except as otherwise provided in this Agreement, Executive shall not have any rights to dividends or any other rights of a shareholder with respect to the shares of Common Stock covered by a Unit until such shares of Common Stock have been issued to him, which issuance shall not be unreasonably delayed.

(d) The Company shall be entitled to withhold in cash or deduction from other compensation payable to the Executive any sums required by federal, state or local tax law to be withheld with respect to the vesting, distribution or payment of the Units or the Unit Shares. In satisfaction of the foregoing requirement with respect to the distribution or payment of the Units, the Company shall withhold shares of Common Stock otherwise issuable in such distribution having a Fair Market Value equal to the sums required to be withheld. Subject to the following sentence, the number of shares of Common Stock which shall be so withheld in order to satisfy the Executive's federal, state and local withholding tax liabilities with respect to the issuance of shares of Common Stock in payment of the Units shall be limited to the number of shares which have a Fair Market Value on the date of withholding equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state and local tax purposes that are applicable to such supplemental taxable income. In the event that the number of shares of Common Stock having a Fair Market Value equal to the sums required to be withheld is not a whole number of shares, the number of shares so withheld shall be rounded up to the nearest whole share.

(e) Executive's right to receive payment of any amounts under this Agreement shall be an unfunded entitlement and shall be an unsecured claim against the general assets of the Company.

(f) After payment in accordance with this Section 4, the Unit Shares may not be sold, transferred or otherwise disposed of by Executive for a period of five days after receipt of such shares by Executive, except that no such restrictions shall apply in the case of a Change in Control (as defined in the Employment Agreement) or in the event that Unit Shares are sold or withheld in order to satisfy any obligations Executive may have with respect to any applicable tax withholding requirements on vesting or receipt of Unit Shares (including, without limitation, pursuant to Section 4(d) above).

5. Representations. The Company represents and warrants that this Agreement has been authorized by all necessary action of the Company, has been approved by the Board and is a valid and binding agreement of the Company enforceable against it in accordance with its terms and that the Unit Shares will be issued pursuant to and in accordance with the 2003 Plan, will be listed with NASDAQ or the principal United States securities exchange on which the Common Stock is admitted to trading, and will be validly issued, fully paid and non-assessable shares. The Company further represents and warrants that the grant of Units under this Agreement has been approved by the Company's Compensation Committee, that the 2003 Plan has and will have sufficient shares available to effect the distribution of the Unit Shares, and that the Company will file a Hart Scott Rodino application with respect to Executive on a timely basis, if necessary, in connection with the acquisition of Unit Shares by Executive under this Agreement.

6. Changes in the Common Stock and Adjustment of Units.

(a) In the event the outstanding shares of the Common Stock shall be changed into an increased number of shares, through a share dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares, then immediately after the record date for such change, the number of Units then subject to this Agreement shall be proportionately increased, in case of such share dividend or split-up of shares, or proportionately decreased, in case of such combination of shares. In the event the Company shall issue any of its shares of stock or other securities or property (other than Common Stock which is covered by the preceding sentence), in a reclassification of the Common Stock (including without limitation any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the kind and number of Units subject to this Agreement immediately prior thereto shall be adjusted so that the Executive shall be entitled to receive the same kind and number of shares or other securities or property which the Executive would have owned or have been entitled to receive after the happening of any of the events described above, had he owned the shares of the Common Stock represented by the Units under this Agreement immediately prior to the happening of such event or any record date with respect thereto, which adjustment shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) In the event the Company shall distribute to all holders of the Common Stock evidences of its indebtedness or assets (including leveraged recapitalizations with special cash distributions, but excluding regular quarterly cash dividends), then in each case the number of Units thereafter subject to this Agreement shall be determined by multiplying the number of

Units theretofore subject to this Agreement by a fraction, (i) the numerator of which shall be the then current market price per share of Common Stock (as determined in paragraph (c) below) on the record date for such distribution, and (ii) the denominator of which shall be the then current market price per share of the Common Stock less the then fair value (as mutually determined in good faith by the Board and the Executive) of the portion of the assets or evidences of indebtedness so distributed applicable to a share of Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective on the date of distribution retroactive to the record date for the determination of shareholders entitled to receive such distribution.

(c) For the purpose of any computation under paragraph (b) of this Section 6, the current market price per share of the Common Stock at any date shall be deemed to be the average of the daily Stock Prices (as defined herein) for 15 consecutive Trading Days (as defined herein) commencing 20 Trading Days before the date of such computation. "Stock Price" for each Trading Day shall be the "Fair Market Value" of the Common Stock (as defined in the 2003 Plan, as in effect on the date of this Agreement) for such Trading Day. "Trading Day" shall be each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which the Common Stock is not traded on the exchange or in the market which is the principal United States market for the Common Stock.

(d) For the purpose of this Section 6, the term "Common Stock" shall mean (i) the class of Company securities designated as the Common Stock at the date of this Agreement, or (ii) any other class of equity interest resulting from successive changes or reclassifications of such shares consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to the second sentence of Section 6(a) above, the Executive shall become entitled to Units representing any shares other than the Common Stock, thereafter the number of such other shares represented by a Unit shall be subject to adjustment from time to time in a manner and on the terms as nearly equivalent as practicable to the provisions with respect to the shares contained in this Section 6, and the provisions of this Agreement with respect to the shares of Common Stock represented by the Units shall apply on like terms to any such other shares.

(e) In case of any Change in Control, consolidation of the Company, or merger of the Company with another corporation as a result of which Common Stock is converted or modified, or in case of any sale or conveyance to another corporation of the property, assets and business of the Company as an entirety or substantially as an entirety, the Company shall modify the Units so as to provide the Executive with Units reflecting the kind and amount of shares and other securities and property (or cash, as applicable) that he would have owned or have been entitled to receive immediately after the happening of such Change in Control, consolidation, merger, sale or conveyance had his Units immediately prior to such action actually been shares and, if applicable, other securities of the Company represented by those Units. The provisions of this Section 6(e) shall similarly apply to successive consolidations, mergers, sales or conveyances.

(f) If the Company distributes rights or warrants to all holders of its Common Stock entitling them to purchase shares of Common Stock at a price per share less than the current market price per share on the record date for the distribution, the Company shall distribute to Executive equivalent amounts of such rights or warrants as if Executive were an

actual shareholder with respect to the number of shares of Common Stock equal to his outstanding Units. Such rights or warrants shall be exercisable at the same time, on the same terms and for the same price as the rights or warrants distributed to holders of the Common Stock; provided, however, that if such rights or warrants are deemed to be deferred compensation subject to the requirements of Section 409A of the Code, such rights or warrants shall be distributed to Executive in a manner that complies with such requirements.

(g) In case any event shall occur as to which the provisions of this Section 6 are not applicable but the failure to make any adjustment would not fairly protect the rights represented by the Units in accordance with the essential intent and principles of this Section 6 then, in each such case, the Company shall make an adjustment, if any, on a basis consistent with the essential intent and principles established in this Section 6, necessary to preserve, without dilution, the rights represented by the Units. The Company will promptly notify the Executive of any such proposed adjustment.

(h) Notwithstanding anything to the contrary contained herein, the provisions of Section 6 shall not apply to, and no adjustment is required to be made in respect of, any of the following: (i) the issuance of shares of Common Stock upon the exercise of any other rights, options or warrants that entitle the holder to subscribe for or purchase such shares (it being understood that the sole adjustment pursuant to this Section 6 in respect of the issuance of shares of Common Stock upon exercise of rights, options or warrants shall be made at the time of the issuance by the Company of such rights, options or warrants, or a change in the terms thereof); (ii) the issuance of shares of Common Stock to the Company's employees, directors or consultants pursuant to bona fide benefit plans adopted by the Company's Board; (iii) the issuance of shares of Common Stock in a bona fide public offering pursuant to a firm commitment offering; (iv) the issuance of shares of Common Stock pursuant to any dividend reinvestment or similar plan adopted by the Company's Board to the extent that the applicable discount from the current market price for shares issued under such plan does not exceed 5%; and (v) the issuance of shares of Common Stock in any arm's length transaction, directly or indirectly, to any party.

(i) Notwithstanding anything in this Agreement to the contrary, in the event of a spin-off by the Company to its shareholders, Executive's participation in such spin-off with respect to the Units and the adjustment of the Units shall be determined in an appropriate and equitable manner, and it is the intention of the parties hereto that, to the extent practicable, such adjustment shall include an equity interest in the spin-off entity.

(j) In the event the parties hereto cannot agree upon an appropriate and equitable adjustment to the Units, the services of an independent investment banker mutually acceptable to Executive and the Company shall (at the sole expense of the Company) be retained to determine an appropriate and equitable adjustment, and such determination shall be binding upon the parties.

7. No Right to Employment. Nothing in this Agreement shall confer upon Executive the right to remain in employ of the Company or any subsidiary of the Company.

8. Nontransferability. This Agreement shall not be assignable or transferable by the Company (other than to successors of the Company) and this Agreement and the Units shall not be assignable or transferable by the Executive otherwise than by will or by the laws of descent

and distribution, and the Units may be paid out during the lifetime of the Executive only to him. More particularly, but without limiting the generality of the foregoing, the Units may not be assigned, transferred (except as provided in the preceding sentence), pledged, or hypothecated in any way (whether by operation of law or otherwise), and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Units contrary to the provisions of this Agreement, and any levy of any attachment or similar process upon the Units, shall be null and void and without effect.

9. Arbitration, Legal Fees and Expenses. If any contest or dispute shall arise between the Company and Executive regarding any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive during his lifetime in connection with such contest or dispute, pursuant to the provisions of Section 8.1 of the Employment Agreement. The application of this Section 9 (and Section 8.1 of the Employment Agreement) shall survive the termination of the Employment Agreement. The foregoing limitation shall not preclude the Executive's estate or heirs from recovering reasonable legal fees (and related expenses) in accordance with the provisions hereof in the event that Executive's estate or heirs initiate or continue any dispute or controversy arising under or in connection with this Agreement after Executive's death; *provided, however,* that such reasonable legal fees (and related expenses) are incurred within the six (6)-year period following the date of Executive's death. Such reimbursement shall be made within ninety (90) days following the resolution of such contest or dispute (whether or not appealed), but not later than the end of the calendar year following the year in which the contest or dispute is resolved, to the extent the Company receives reasonable written evidence of such fees and expenses. The amount of any payment or reimbursement of such fees or expenses in one year shall not affect the amount of payments or reimbursements that are eligible for payment or reimbursement in any subsequent year, and the Executive's right to such payment or reimbursement of any such fees or expenses shall not be subject to liquidation or exchange for any other benefit. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Princeton, New Jersey in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

10. Entire Agreement. This Agreement and the Employment Agreement contain all the understandings between the parties hereto pertaining to the matters referred to herein, and supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect thereto. The Executive represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, basis or effect of this Agreement or otherwise.

11. Amendment or Modification; Waiver. No provision of this Agreement may be amended, modified or waived unless such amendment or modification is agreed to in writing, signed by the Executive and by a duly authorized officer of the Company, and such waiver is set forth in writing and signed by the party to be charged. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

12. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when delivered personally, sent by courier or telecopy or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

To the Executive:

Stuart M. Essig
311 Enterprise Drive
Plainsboro, NJ 08536
Facsimile: 609-275-9006

To the Company:

Integra LifeSciences Holdings Corporation
311 Enterprise Drive
Plainsboro, NJ 08536
Attention: Chairman
Facsimile: 609-275-9006

(with a copy to the Company's General Counsel)

Any notice delivered personally or by courier under this Section 12 shall be deemed given on the date delivered and any notice sent by telecopy or registered or certified mail, postage prepaid, return receipt requested, shall be deemed given on the date telecopied or mailed.

13. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

14. Noncontravention. The Company represents that the Company is not prevented from entering into, or performing, this Agreement by the terms of any law, order, rule or regulation, its certificate of incorporation or by-laws, or any agreement to which it is a party.

15. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement or Executive's employment to the extent necessary for the intended preservation of such rights and obligations.

16. Successors. This Agreement shall inure to the benefit of and be binding upon each successor of the Company, and upon the Executive's beneficiaries, legal representatives or estate, as the case may be.

17. Construction. Except as would be in conflict with any specific provision herein, this Agreement is made under and subject to the provisions of the 2003 Plan as in effect on the Grant Date and, except as would conflict with the provisions of this Agreement, all of the provisions of

the 2003 Plan as in effect on the Grant Date are hereby incorporated herein as provisions of this Agreement. In the event of any such conflict, the terms of this Agreement shall govern.

18. Governing Law. This agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of laws principles.

19. Headings. All descriptive headings of sections and paragraphs in this Agreement are for convenience of reference only, and they form no part of this Agreement and shall not affect its interpretation.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. Section 409A of the Code. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall in all respects be administered in accordance with Section 409A. Notwithstanding anything in the Agreement to the contrary, payment may only be made under the Agreement upon an event and in a manner permitted by Section 409A of the Code. If a payment is not made by the designated payment date under the Agreement, the payment shall be made by December 31 of the calendar year in which the designated date occurs. Any payment to be made upon a termination of employment under this Agreement may only be made upon a Separation from Service. To the extent that any provision of the Agreement would cause a conflict with the requirements of Section 409A of the Code, or would cause the administration of the Agreement to fail to satisfy the requirements of Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Contract Stock / Restricted Units Agreement as of the date first above written.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: _____

Name: Richard E. Caruso
Title: Chairman of the Board of Directors

EXECUTIVE

_____

Stuart M. Essig

EXHIBIT E

[Contract Stock/Restricted Units Agreement (Annual Award)]

See Exhibit 10.8 to the Company's Quarterly Report
on Form 10-Q for the quarter ended June 30, 2008

EXHIBIT F

[Performance Stock Agreement]

See Exhibit 10.9 to the Company's Quarterly Report
on Form 10-Q for the quarter ended June 30, 2008

Exhibit 10.8

[*Form for Mr. Essig's Annual RSU Grant*]

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONTRACT STOCK / RESTRICTED UNITS AGREEMENT
Pursuant to
2003 EQUITY INCENTIVE PLAN

AGREEMENT, dated as of _____, 20___, by and between Integra LifeSciences Holdings Corporation, a Delaware corporation (the "Company"), and Stuart M. Essig ("Executive").

WHEREAS, the Company and Executive previously entered into that certain Second Amended and Restated Employment Agreement dated as of July 27, 2004, as amended by Amendment 2006-1 to the Second Amended and Restated Employment Agreement and Amendment 2008-1 to the Second Amended and Restated Employment Agreement;

WHEREAS, as of August 6, 2008, the Company and Executive have entered into an Amendment 2008-2 to the Second Amended and Restated Employment Agreement (such Second Amended and Restated Employment Agreement, as so amended being hereinafter called the "Employment Agreement"), pursuant to which Executive will continue to serve as President and Chief Executive Officer of the Company, on the terms and conditions set forth and described therein;

WHEREAS, pursuant to the Employment Agreement, the Company has agreed to grant to Executive an annual equity-based award under the Integra LifeSciences Holdings Corporation 2003 Equity Incentive Plan (the "2003 Plan"), a copy of which is attached hereto; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company, appointed to administer the 2003 Plan, has determined that it would be to the advantage and in the best interest of the Company and its stockholders to grant to the Executive an annual award for [INSERT YEAR] of an aggregate of [_____] (_____) shares of contract stock in the form of restricted units (the "Units") representing an equal number of shares of restricted common stock of the Company, par value $.01 per share ("Common Stock"), on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Employment Agreement or the 2003 Plan, as applicable, unless otherwise indicated.

2. Grant of Units. Pursuant to Section 3.2(c)(i)(C) of the Employment Agreement, Executive is hereby granted, as of _____, 20___(the "Grant Date"), deferred compensation in the form of [_____] (_____) Units pursuant to the terms of this Agreement and the 2003 Plan. The Executive's right to receive the shares of Common Stock underlying the Units shall be subject to forfeiture as provided in Section 4 of this Agreement.

3. Vesting.

(a) Subject to paragraph (b) and Section 4 below, the Units shall vest in cumulative installments as follows:

(i) One-third (⅓) of the Units shall vest on the first anniversary of the Grant Date;

(ii) One-third (⅓) of the Units shall vest on the second anniversary of the Grant Date; and

(iii) One-third (⅓) of the Units shall vest on the third anniversary of the Grant Date;

(b) One hundred percent (100%) of the then outstanding Units shall vest in the event that:

(i) Executive incurs a Termination of Service (as defined below) (1) by the Company without "Cause" (as defined in Section 4.3 of the Employment Agreement), (2) by the Executive for "Good Reason" (as defined in Section 4.4 of the Employment Agreement), (3) by reason of a "Disability Termination" (as defined in Section 4.2 of the Employment Agreement), (4) by reason of the Executive's death, (5) as a result of the Employment Agreement (or the Executive's successor employment agreement with the Company, if any) not being amended, renewed or replaced by a new employment agreement upon the expiration of such agreement on December 31, 2011 or the Extended Expiration Date (as defined below), as applicable; or

(ii) a "Change in Control" (as defined in the Employment Agreement) that occurs prior to the Executive's Termination of Service.

(c) For purposes of this Agreement, (1) "Termination of Service" shall mean the time when the Executive ceases to provide services to the Company and its Related Corporations and Affiliates as an employee or Associate for any reason with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, or disability. A Termination of Service shall not include a termination where the Executive is simultaneously reemployed by, or remains employed by, or continues to provide services to, the Company and/or one or more of its Related Corporations and Affiliates or a successor entity thereto; and (2) "Extended Expiration Date" shall mean, in the event that the Executive and the Company enter into (including by way of an automatic extension) a new, amended or renewed employment agreement on or prior to December 31, 2011, the last day of the term of such new, amended or renewed employment agreement.

4. Forfeiture of Units. Immediately upon a Termination of Service for any reason, the Executive shall forfeit any and all Units which have not vested or do not vest on or prior to such termination, and the Executive's rights in any such Units which are not so vested shall terminate, lapse and expire (including the Executive's right to receive the shares underlying such Units).

5. Dividend Equivalents. Executive shall be entitled to receive, with respect to all outstanding vested Units (as such Units may be adjusted under Section 8), dividend equivalent amounts equal to the regular quarterly cash dividend payable to holders of Common Stock (to the extent regular quarterly cash dividends are paid) as if Executive were an actual shareholder with respect to the number of shares of Common Stock equal to his outstanding vested Units. Such dividend equivalent amounts shall be aggregated on a quarterly basis while the Units are outstanding and paid to Executive within thirty (30) days following the first business day that occurs immediately following the 6-month period after the date of Executive's "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations) (a "Separation from Service"). For the avoidance of doubt, such dividend equivalent amounts shall only be paid with respect to Units that are vested as of the applicable dividend payment date, and Executive shall not be entitled to receive any dividend equivalent amounts with respect to Units that are not vested as of such dividend payment date. The dividend equivalents and any amounts that may become payable in respect thereof shall be treated separately from the Units and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Code Section 409A.

6. Payment of Units.

(a) The shares of Common Stock underlying Units which are then vested under Section 3(a) or 3(b) (the "Unit Shares") shall be paid out to Executive within thirty (30) days following the first business day that occurs immediately following the 6-month period after the date of Executive's Separation from Service.

(b) All payments of Unit Shares shall be made by the Company in the form of whole shares of Common Stock, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value (as defined in the 2003 Plan) as of the date immediately prior to such distribution.

(c) Any Unit Shares delivered shall be deposited in an account designated by Executive and maintained at a brokerage house selected by Executive. Any such Unit Shares shall be duly authorized, fully paid and non-assessable shares, listed with NASDAQ or the principal United States securities exchange on which the Common Stock is admitted to trading and registered on the Company Registration Statement, if registration is requested by Executive.

(d) Except as otherwise provided in this Agreement, Executive shall not be deemed to be a holder of any Common Stock pursuant to a Unit until the date of the issuance of a certificate to him for such shares and, except as otherwise provided in this Agreement, Executive shall not have any rights to dividends or any other rights of a shareholder with respect to the shares of Common Stock covered by a Unit until such shares of Common Stock have been issued to him, which issuance shall not be unreasonably delayed.

(e) The Company shall be entitled to withhold in cash or deduction from other compensation payable to the Executive any sums required by federal, state or local tax law to be withheld with respect to the vesting, distribution or payment of the Units or the Unit Shares. In satisfaction of the foregoing requirement with respect to the distribution or payment of the Units, the Company shall withhold shares of Common Stock otherwise issuable in such distribution having

a Fair Market Value equal to the sums required to be withheld. Subject to the following sentence, the number of shares of Common Stock which shall be so withheld in order to satisfy the Executive's federal, state and local withholding tax liabilities with respect to the issuance of shares of Common Stock in payment of the Units shall be limited to the number of shares which have a Fair Market Value on the date of withholding equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state and local tax purposes that are applicable to such supplemental taxable income. In the event that the number of shares of Common Stock having a Fair Market Value equal to the sums required to be withheld is not a whole number of shares, the number of shares so withheld shall be rounded up to the nearest whole share.

(f) Executive's right to receive payment of any amounts under this Agreement shall be an unfunded entitlement and shall be an unsecured claim against the general assets of the Company.

(g) After payment in accordance with this Section 6, the Unit Shares may not be sold, transferred or otherwise disposed of by Executive for a period of five days after receipt of such shares by Executive, except that no such restrictions shall apply in the case of a Change in Control or in the event that Unit Shares are sold or withheld in order to satisfy any obligations Executive may have with respect to any applicable tax withholding requirements on vesting or receipt of Unit Shares (including, without limitation, pursuant to Section 6(e) above).

7. Representations. The Company represents and warrants that this Agreement has been authorized by all necessary action of the Company, has been approved by the Board and is a valid and binding agreement of the Company enforceable against it in accordance with its terms and that the Unit Shares will be issued pursuant to and in accordance with the 2003 Plan, will be listed with NASDAQ or the principal United States securities exchange on which the Common Stock is admitted to trading, and will be validly issued, fully paid and non-assessable shares. The Company further represents and warrants that the grant of Units under this Agreement has been approved by the Company's Compensation Committee, that the 2003 Plan has and will have sufficient shares available to effect the distribution of the Unit Shares, and that the Company will file a Hart Scott Rodino application with respect to Executive on a timely basis, if necessary, in connection with the acquisition of Unit Shares by Executive under this Agreement.

8. Changes in the Common Stock and Adjustment of Units.

(a) In the event the outstanding shares of the Common Stock shall be changed into an increased number of shares, through a share dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares, then immediately after the record date for such change, the number of Units then subject to this Agreement shall be proportionately increased, in case of such share dividend or split-up of shares, or proportionately decreased, in case of such combination of shares. In the event the Company shall issue any of its shares of stock or other securities or property (other than Common Stock which is covered by the preceding sentence), in a reclassification of the Common Stock (including without limitation any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the kind and number of Units subject to this Agreement immediately prior thereto shall be adjusted so that the Executive shall be entitled to receive the same kind and number of shares or other securities or property which the Executive would have owned or have

been entitled to receive after the happening of any of the events described above, had he owned the shares of the Common Stock represented by the Units under this Agreement immediately prior to the happening of such event or any record date with respect thereto, which adjustment shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) In the event the Company shall distribute to all holders of the Common Stock evidences of its indebtedness or assets (including leveraged recapitalizations with special cash distributions, but excluding regular quarterly cash dividends), then in each case the number of Units thereafter subject to this Agreement shall be determined by multiplying the number of Units theretofore subject to this Agreement by a fraction, (i) the numerator of which shall be the then current market price per share of Common Stock (as determined in paragraph (c) below) on the record date for such distribution, and (ii) the denominator of which shall be the then current market price per share of the Common Stock less the then fair value (as mutually determined in good faith by the Board and the Executive) of the portion of the assets or evidences of indebtedness so distributed applicable to a share of Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective on the date of distribution retroactive to the record date for the determination of shareholders entitled to receive such distribution.

(c) For the purpose of any computation under paragraph (b) of this Section 8, the current market price per share of the Common Stock at any date shall be deemed to be the average of the daily Stock Prices (as defined herein) for 15 consecutive Trading Days (as defined herein) commencing 20 Trading Days before the date of such computation. "Stock Price" for each Trading Day shall be the "Fair Market Value" of the Common Stock (as defined in the 2003 Plan, as in effect on the date of this Agreement) for such Trading Day. "Trading Day" shall be each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which the Common Stock is not traded on the exchange or in the market which is the principal United States market for the Common Stock.

(d) For the purpose of this Section 8, the term "Common Stock" shall mean (i) the class of Company securities designated as the Common Stock at the date of this Agreement, or (ii) any other class of equity interest resulting from successive changes or reclassifications of such shares consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to the second sentence of Section 8(a) above, the Executive shall become entitled to Units representing any shares other than the Common Stock, thereafter the number of such other shares represented by a Unit shall be subject to adjustment from time to time in a manner and on the terms as nearly equivalent as practicable to the provisions with respect to the shares contained in this Section 8, and the provisions of this Agreement with respect to the shares of Common Stock represented by the Units shall apply on like terms to any such other shares.

(e) In case of any Change in Control, consolidation of the Company, or merger of the Company with another corporation as a result of which Common Stock is converted or modified, or in case of any sale or conveyance to another corporation of the property, assets and business of the Company as an entirety or substantially as an entirety, the Company shall modify the Units so as to provide the Executive with Units reflecting the kind and amount of shares and other securities and property (or cash, as applicable) that he would

have owned or have been entitled to receive immediately after the happening of such Change in Control, consolidation, merger, sale or conveyance had his Units immediately prior to such action actually been shares and, if applicable, other securities of the Company represented by those Units. The provisions of this Section 8(e) shall similarly apply to successive consolidations, mergers, sales or conveyances.

(f) If the Company distributes rights or warrants to all holders of its Common Stock entitling them to purchase shares of Common Stock at a price per share less than the current market price per share on the record date for the distribution, the Company shall distribute to Executive equivalent amounts of such rights or warrants as if Executive were an actual shareholder with respect to the number of shares of Common Stock equal to his outstanding Units. Such rights or warrants shall be exercisable at the same time, on the same terms and for the same price as the rights or warrants distributed to holders of the Common Stock; provided, however, that if such rights or warrants are deemed to be deferred compensation subject to the requirements of Section 409A of the Code, such rights or warrants shall be distributed to Executive in a manner that complies with such requirements.

(g) In case any event shall occur as to which the provisions of this Section 8 are not applicable but the failure to make any adjustment would not fairly protect the rights represented by the Units in accordance with the essential intent and principles of this Section 8 then, in each such case, the Company shall make an adjustment, if any, on a basis consistent with the essential intent and principles established in this Section 8, necessary to preserve, without dilution, the rights represented by the Units. The Company will promptly notify the Executive of any such proposed adjustment.

(h) Notwithstanding anything to the contrary contained herein, the provisions of Section 8 shall not apply to, and no adjustment is required to be made in respect of, any of the following: (i) the issuance of shares of Common Stock upon the exercise of any other rights, options or warrants that entitle the holder to subscribe for or purchase such shares (it being understood that the sole adjustment pursuant to this Section 8 in respect of the issuance of shares of Common Stock upon exercise of rights, options or warrants shall be made at the time of the issuance by the Company of such rights, options or warrants, or a change in the terms thereof); (ii) the issuance of shares of Common Stock to the Company's employees, directors or consultants pursuant to bona fide benefit plans adopted by the Company's Board; (iii) the issuance of shares of Common Stock in a bona fide public offering pursuant to a firm commitment offering; (iv) the issuance of shares of Common Stock pursuant to any dividend reinvestment or similar plan adopted by the Company's Board to the extent that the applicable discount from the current market price for shares issued under such plan does not exceed 5%; and (v) the issuance of shares of Common Stock in any arm's length transaction, directly or indirectly, to any party.

(i) Notwithstanding anything in this Agreement to the contrary, in the event of a spin-off by the Company to its shareholders, Executive's participation in such spin-off with respect to the Units and the adjustment of the Units shall be determined in an appropriate and equitable manner, and it is the intention of the parties hereto that, to the extent practicable, such adjustment shall include an equity interest in the spin-off entity.

(j) In the event the parties hereto cannot agree upon an appropriate and equitable adjustment to the Units, the services of an independent investment banker mutually

acceptable to Executive and the Company shall (at the sole expense of the Company) be retained to determine an appropriate and equitable adjustment, and such determination shall be binding upon the parties.

(k) Each additional Unit which results from adjustments made pursuant to this Section 8 or the 2003 Plan shall be subject to the same terms and conditions regarding vesting and forfeiture as the underlying Unit to which such additional Unit relates.

9. No Right to Employment. Nothing in this Agreement shall confer upon Executive the right to remain in employ of the Company or any subsidiary of the Company.

10. Nontransferability. This Agreement shall not be assignable or transferable by the Company (other than to successors of the Company) and this Agreement and the Units shall not be assignable or transferable by the Executive otherwise than by will or by the laws of descent and distribution, and the Units may be paid out during the lifetime of the Executive only to him. More particularly, but without limiting the generality of the foregoing, the Units may not be assigned, transferred (except as provided in the preceding sentence), pledged, or hypothecated in any way (whether by operation of law or otherwise), and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Units contrary to the provisions of this Agreement, and any levy of any attachment or similar process upon the Units, shall be null and void and without effect.

11. Arbitration, Legal Fees and Expenses. If any contest or dispute shall arise between the Company and Executive regarding any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive during his lifetime in connection with such contest or dispute, pursuant to the provisions of Section 8.1 of the Employment Agreement. The application of this Section 11 (and Section 8.1 of the Employment Agreement) shall survive the termination of the Employment Agreement. The foregoing limitation shall not preclude the Executive's estate or heirs from recovering reasonable legal fees (and related expenses) in accordance with the provisions hereof in the event that Executive's estate or heirs initiate or continue any dispute or controversy arising under or in connection with this Agreement after Executive's death; *provided, however,* that such reasonable legal fees (and related expenses) are incurred within the six (6)-year period following the date of Executive's death. Such reimbursement shall be made within ninety (90) days following the resolution of such contest or dispute (whether or not appealed), but not later than the end of the calendar year following the year in which the contest or dispute is resolved, to the extent the Company receives reasonable written evidence of such fees and expenses. The amount of any payment or reimbursement of such fees or expenses in one year shall not affect the amount of payments or reimbursements that are eligible for payment or reimbursement in any subsequent year, and the Executive's right to such payment or reimbursement of any such fees or expenses shall not be subject to liquidation or exchange for any other benefit. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Princeton, New Jersey in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

12. Entire Agreement. This Agreement and the Employment Agreement contain all the understandings between the parties hereto pertaining to the matters referred to herein, and

supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect thereto. The Executive represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, basis or effect of this Agreement or otherwise.

13. Amendment or Modification; Waiver. No provision of this Agreement may be amended, modified or waived unless such amendment or modification is agreed to in writing, signed by the Executive and by a duly authorized officer of the Company, and such waiver is set forth in writing and signed by the party to be charged. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

14. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when delivered personally, sent by courier or telecopy or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

To the Executive**:**

Stuart M. Essig
311 Enterprise Drive
Plainsboro, NJ 08536
Facsimile: 609-275-9006

To the Company**:**

Integra LifeSciences Holdings Corporation
311 Enterprise Drive
Plainsboro, NJ 08536
Attention: Chairman
Facsimile: 609-275-9006

(with a copy to the Company's General Counsel)

Any notice delivered personally or by courier under this Section 14 shall be deemed given on the date delivered and any notice sent by telecopy or registered or certified mail, postage prepaid, return receipt requested, shall be deemed given on the date telecopied or mailed.

15. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

16. Noncontravention. The Company represents that the Company is not prevented from entering into, or performing, this Agreement by the terms of any law, order, rule or regulation, its certificate of incorporation or by-laws, or any agreement to which it is a party.

17. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement or Executive's employment to the extent necessary for the intended preservation of such rights and obligations.

18. Successors. This Agreement shall inure to the benefit of and be binding upon each successor of the Company, and upon the Executive's beneficiaries, legal representatives or estate, as the case may be.

19. Construction. Except as would be in conflict with any specific provision herein, this Agreement is made under and subject to the provisions of the 2003 Plan as in effect on the Grant Date and, except as would conflict with the provisions of this Agreement, all of the provisions of the 2003 Plan as in effect on the Grant Date are hereby incorporated herein as provisions of this Agreement. In the event of any such conflict, the terms of this Agreement shall govern.

20. Governing Law. This agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of laws principles.

21. Headings. All descriptive headings of sections and paragraphs in this Agreement are for convenience of reference only, and they form no part of this Agreement and shall not affect its interpretation.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23. Section 409A of the Code. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall in all respects be administered in accordance with Section 409A. Notwithstanding anything in the Agreement to the contrary, payment may only be made under the Agreement upon an event and in a manner permitted by Section 409A of the Code. If a payment is not made by the designated payment date under the Agreement, the payment shall be made by December 31 of the calendar year in which the designated date occurs. Any payment to be made upon a termination of employment under this Agreement may only be made upon a Separation from Service. To the extent that any provision of the Agreement would cause a conflict with the requirements of Section 409A of the Code, or would cause the administration of the Agreement to fail to satisfy the requirements of Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Contract Stock / Restricted Units Agreement as of the date first above written.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: _____
Name:
Title:

EXECUTIVE

_____
Stuart M. Essig

Exhibit 10.9

[*Form for Mr. Essig's Annual Performance Stock Grant*]

PERFORMANCE STOCK AGREEMENT

THIS PERFORMANCE STOCK AGREEMENT (the "Award Agreement"), dated as of [_____] (the "Award Date"), is made by and between Integra LifeSciences Holdings Corporation, a Delaware corporation (the "Company"), and [_____], an employee of the Company (or one or more of its Related Corporations or Affiliates), hereinafter referred to as the "Participant":

WHEREAS, the Company and the Participant previously entered into that certain Second Amended and Restated Employment Agreement dated as of July 27, 2004, as amended by Amendment 2006-1 to the Second Amended and Restated Employment Agreement and Amendment 2008-1 to the Second Amended and Restated Employment Agreement;

WHEREAS, as of August 6, 2008, the Company and the Participant have entered into an Amendment 2008-2 to the Second Amended and Restated Employment Agreement (such Second Amended and Restated Employment Agreement, as so amended being hereinafter called the "Employment Agreement"), pursuant to which the Participant will continue to serve as President and Chief Executive Officer of the Company, on the terms and conditions set forth and described therein;

WHEREAS, pursuant to the Employment Agreement, the Company has agreed to grant to the Participant an annual equity-based award under the Integra LifeSciences Holdings Corporation 2003 Equity Incentive Plan (the "Plan"), a copy of which is attached hereto; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company, appointed to administer the Plan, has determined that it would be to the advantage and in the best interest of the Company and its stockholders to grant to the Participant an annual award for [INSERT YEAR] of Performance Stock (as defined below), on the terms set forth herein.

NOW, **THEREFORE**, in consideration of the various covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

Capitalized terms not otherwise defined below shall have the meaning set forth in the Plan. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.1 Extended Expiration Date. "Extended Expiration Date" shall mean, in the event that the Participant and the Company enter into (including by way of an automatic extension) a new, amended or renewed employment agreement on or prior to December 31, 2011, the last day of the term of such new, amended or renewed employment agreement

Section 1.2 Performance Goals. "Performance Goals" shall mean the specific goal or goals determined by the Committee, as specified in Exhibit B.

Section 1.3 Performance Period. "Performance Period" shall mean the period of time that the Performance Goals must be met, as specified in Exhibit B.

Section 1.4 Performance Stock. "Performance Stock" shall mean up to [___] Shares that will be issued to the Participant under this Award Agreement if the Performance Goals are met during the Performance Period and the other vesting conditions set forth herein are satisfied.

Section 1.5 Rule 16b-3. "Rule 16b-3" shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

Section 1.6 Secretary. "Secretary" shall mean the Secretary of the Company.

Section 1.7 Termination of Service. "Termination of Service" shall mean the time when the Participant ceases to provide services to the Company and its Related Corporations and Affiliates as an employee or Associate for any reason with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, or Disability. A Termination of Service shall not include a termination where the Participant is simultaneously reemployed by, or remains employed by, or continues to provide services to, the Company and/or one or more of its Related Corporations and Affiliates or a successor entity thereto.

ARTICLE II.
AWARD OF PERFORMANCE STOCK

Section 2.1 Award of Performance Stock. As of the Award Date, the Company issues to the Participant the right to receive, at the time or times forth in Section 3.3 below, Shares underlying the vested Performance Stock if the Performance Goals and the other vesting conditions set forth in this Award Agreement are met. If the Performance Goals and other vesting conditions are satisfied, the Company shall cause the vested Performance Stock to be issued in the name of the Participant as described under Section 3.3 of this Award Agreement. As a further condition to the Company's obligations under this Award Agreement, the Participant's spouse, if any, shall execute and deliver to the Company the Consent of Spouse attached hereto as Exhibit A.

Section 2.2 Forfeiture; Anti-Assignment. The right to receive the Performance Stock shall be subject to forfeiture as provided in Section 3.2 of this Award Agreement, and the Participant shall have no right to sell, assign, transfer, pledge, or otherwise encumber or dispose of the Participant's right to receive the Performance Stock.

Section 2.3 Dividend Equivalents. Prior to the earlier to occur of the payment or forfeiture of the Performance Stock, the Participant shall be entitled to receive, with respect to all Shares underlying outstanding vested Performance Stock, dividend equivalent amounts equal to the regular quarterly cash dividend paid or made with respect to the Shares underlying the vested Performance Stock (to the extent regular quarterly cash dividends are paid). Such dividend equivalent amounts shall be aggregated on a quarterly basis while the Performance Stock is

outstanding and paid to the Participant within thirty (30) days following December 31, 20___ [LAST DAY OF PERFORMANCE PERIOD]. Notwithstanding the foregoing, if a Change in Control (as defined in the Employment Agreement) occurs prior to such date, such dividend equivalent amounts shall be paid to the Participant on the date of the Change in Control; *provided, however,* that such payment shall only occur if the Change in Control meets the requirements of Section 409A(a)(2)(A)(v) of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, such dividend equivalent amounts shall only be paid to the extent that the Performance Stock is vested as of the applicable dividend payment date, and the Participant shall not be entitled to receive any dividend equivalent amounts with respect to Performance Stock that has not vested as of such dividend payment date. The dividend equivalents and any amounts that may become payable in respect thereof shall be treated separately from the Performance Stock and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Code Section 409A.

Section 2.4 Voting Rights. Prior to the issuance of the Performance Stock, the Participant shall have no voting rights with respect to any Shares represented by the Performance Stock.

ARTICLE III.
RESTRICTIONS

Section 3.1 Vesting.

(a) Subject to paragraphs (b) and (c) below and to Section 3.2 hereof, the Performance Stock shall vest in cumulative installments as follows:

(i) The Performance Stock shall vest with respect to one-third (?) of the Shares covered thereby on the later to occur of (A) December 31, 20___ [LAST DAY OF **FIRST** YEAR OF PERFORMANCE PERIOD] and (B) the date as of which the Performance Goal is satisfied;

(ii) The Performance Stock shall vest with respect to one-third (?) of the Shares covered thereby on the later to occur of (A) December 31, 20___ [LAST DAY OF **SECOND** YEAR OF PERFORMANCE PERIOD] and (B) the date as of which the Performance Goal is satisfied; and

(iii) The Performance Stock shall vest with respect to one-third (?) of the Shares covered thereby on the later to occur of (A) December 31, 20___ [LAST DAY OF **THIRD** YEAR OF PERFORMANCE PERIOD] and (B) the date as of which the Performance Goal is satisfied.[1]

(b) One hundred percent (100%) of the Shares covered by the then outstanding Performance Stock shall be deemed to satisfy the time vesting requirement (but not any Performance Goal that has not otherwise been independently satisfied) for purposes of Section

[1] See Appendix for vesting schedules for awards granted after 2008.

3.1(a) above in the event that the Participant incurs a Termination of Service (1) by the Company without "Cause" (as defined in Section 4.3 of the Employment Agreement), (2) by the Participant for "Good Reason" (as defined in Section 4.4 of the Employment Agreement), (3) by reason of a "Disability Termination" (as defined in Section 4.2 of the Employment Agreement), (4) by reason of the Participant's death, or (5) as a result of the Employment Agreement (or the Participant's successor employment agreement with the Company, if any) not being amended, renewed or replaced by a new employment agreement upon the expiration of such agreement on December 31, 2011 or the Extended Expiration Date, as applicable.

(c) In the event of a "Change in Control" (as defined in the Employment Agreement) that occurs during the Performance Period and prior to the Participant's Termination of Service, one hundred percent (100%) of the Shares covered by the then outstanding Performance Stock shall vest immediately prior to such Change in Control.

Section 3.2 Forfeiture.

(a) Immediately upon the Participant's Termination of Service, the Participant shall forfeit all Performance Stock which has not satisfied the time vesting requirement set forth in Section 3.1(a) above on, prior to, or in connection with such Termination of Service (and all dividend equivalent rights with respect to such Performance Stock), and the Participant shall have no right to receive any Shares represented by the Performance Stock which has not so satisfied the time vesting requirement.

(b) Except as set forth in Section 3.1(c) above, if the Performance Goals are not met by the end of the Performance Period, the Participant shall thereupon forfeit all of the Performance Stock (and all dividend equivalent rights with respect to the Performance Stock), and shall have no right to receive any Shares represented by the Performance Stock.

Section 3.3 Issuance of Shares.

(a) Subject to a determination of the Committee that the applicable Performance Goals have been met, Shares represented by Performance Stock which vests pursuant to Section 3.1 above shall be issued to the Participant or his legal representative within thirty (30) days following the date on which such Performance Stock vests or, in the event of vesting upon a Change in Control pursuant to Section 3.1(c), such shares shall be issued effective upon the occurrence of such Change in Control. Any such Shares that become payable to the Participant are intended to satisfy the short-deferral exemption under Treasury Regulation Section 1.409A-1(b)(4) and shall be paid not later than the last day of the applicable two and one-half (2 1/2) month "short-term deferral period" with respect to the payment of such Shares, within the meaning of Treasury Regulation Section 1.409A-1(b)(4).

(b) The Company shall issue such Shares in certificated form or shall record such issuance with its transfer agent, and such Shares shall be free from any restrictions; *provided, however,* that such Shares shall be subject to any such restrictions and conditions as required pursuant to Section 4.5 of this Award Agreement and those that the Company imposes on its employees in general with respect to selling its Shares. Notwithstanding the foregoing, no such Shares shall be issued to or recorded in the name of the Participant or his legal representative

unless and until the Participant or his legal representative shall have satisfied the full amount of all federal, state and local withholding or other employment taxes applicable to the taxable income of the Participant resulting from the vesting and/or issuance of the Shares as provided in this Award Agreement (including, without limitation, in the manner set forth in Section 4.2 hereof).

ARTICLE IV.
MISCELLANEOUS

Section 4.1 No Additional Rights. Nothing in this Award Agreement or in the Plan shall confer upon any person any right to a position as an Associate or continued employment by the Company or any of its Related Corporations or Affiliates or affect in any way the right of any of the foregoing to terminate the services of an individual at any time.

Section 4.2 Tax Withholding. The Company shall be entitled to withhold in cash or deduction from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to the vesting, distribution or payment of the Performance Stock. In satisfaction of the foregoing requirement with respect to the distribution or payment of the Shares underlying the Performance Stock, the Company shall withhold Shares otherwise issuable in such distribution having a Fair Market Value equal to the sums required to be withheld. Subject to the following sentence, the number of Shares which shall be so withheld in order to satisfy the Participant's federal, state and local withholding tax liabilities with respect to the issuance of Shares in payment of the Performance Stock shall be limited to the number of Shares which have a Fair Market Value on the date of withholding equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state and local tax purposes that are applicable to such supplemental taxable income. In the event that the number of Shares having a Fair Market Value equal to the sums required to be withheld is not a whole number of Shares, the number of Shares so withheld shall be rounded up to the nearest whole share.

Section 4.3 Notices. Any notice to be given under the terms of this Award Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Participant shall be addressed to him at the address given beneath his signature hereto. By a notice given pursuant to this Section 4.3, either party may hereafter designate a different address for notices to be given to it or him. Any notice which is required to be given to the Participant shall, if the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 4.3. Any notice shall have been deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

Section 4.5 Conformity to Securities Laws. This Award Agreement is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission

thereunder, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, this Award Agreement shall be administered, and the Performance Stock shall be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Award Agreement and the Performance Stock issued hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 4.6 Amendment. This Award Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Award Agreement.

Section 4.7 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Award Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 4.8 Section 409A. This Award Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and specifically, with the short-term deferral exemption of Section 409A. Notwithstanding any provision in this Award Agreement to the contrary, if a payment is deemed as deferred compensation subject to the requirements of Section 409A of the Code, such payment may only be made under this Award Agreement upon an event and in a manner permitted by Section 409A of the Code. If a payment is not made by the designated payment date under this Award Agreement, the payment shall be made by December 31 of the calendar year in which the designated date occurs. In no event may the Participant, directly or indirectly, designate the calendar year of payment. Notwithstanding anything to the contrary in this Award Agreement, no amounts payable to the Participant under this Award Agreement shall be paid to the Participant during the 6-month period following the Participant's "separation from service" (within the meaning of Section 409A of the Code) if the Company determines that paying such amounts at the time or times indicated in this Award Agreement would be a prohibited distribution under Section 409A(a)(2)(b)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day following the end of such 6-month period, the Company shall pay the Participant a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Participant during such 6-month period.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Performance Stock Agreement as of the date first above written.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: _____
Name:
Title:

PARTICIPANT

_____
Stuart M. Essig

EXHIBIT A

CONSENT OF SPOUSE

I, _____, spouse of Stuart M. Essig, have read and approve the foregoing Award Agreement. In consideration of granting of the right to my spouse to receive shares of Integra LifeSciences Holdings Corporation as set forth in the Award Agreement if the Performance Goals are met, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Award Agreement and agree to be bound by the provisions of the Award Agreement insofar as I may have any rights in said Award Agreement or any shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Award Agreement.

Dated: _____, _____

Name: _____

EXHIBIT B

PERFORMANCE GOALS AND PERFORMANCE PERIOD

The Performance Period shall be the three-year period beginning January 1, [FIRST CALENDAR YEAR FOLLOWING GRANT DATE] and ending December 31, [SECOND YEAR AFTER YEAR INSERTED ABOVE].

The Performance Goal is that consolidated Company sales in any calendar year during the Performance Period shall be greater than consolidated sales in calendar year [YEAR PRIOR TO THREE YEAR PERIOD].

ANNEX — SECTION 2.1 VESTING SCHEDULES FOR AWARDS AFTER 2008

December 2009 Award:

(a) Subject to paragraphs (b) and (c) below and to Section 3.2 hereof, the Performance Stock shall vest in cumulative installments as follows:

(i) The Performance Stock shall vest with respect to one-third (?) of the Shares covered thereby on the later to occur of (A) December 31, 20___ [LAST DAY OF **FIRST** YEAR OF PERFORMANCE PERIOD] and (B) the date as of which the Performance Goal is satisfied; and

(ii) The Performance Stock shall vest with respect to two-thirds (?) of the Shares covered thereby on the later to occur of (A) December 31, 2011, and (B) the date as of which the Performance Goal is satisfied.

December 2010 and December 2011 Awards:

(a) Subject to paragraphs (b) and (c) below and to Section 3.2 hereof, the Performance Stock shall vest with respect to one hundred percent (100%) of the Shares covered thereby on the later to occur of (A) December 31, 2011, and (B) the date as of which the Performance Goal is satisfied.

Exhibit 10.10

AGREEMENT OF LEASE

Between 109 MORGAN LANE, LLC**,** a New Jersey limited liability company (hereinafter referred to as the **"Landlord"**), and **INTEGRA LIFESCIENCES CORPORATION (**hereinafter referred to as the **Tenant"**).

PREAMBLE

WHEREAS, Landlord simultaneously herewith purchased the Building, Land and Premises (as such terms are defined below) pursuant to the Agreement of Sale dated August 21, 2007 between Landlord and PROVESTCO, INC., a Delaware corporation (the "**Prior Landlord**").

WHEREAS, Tenant and Prior Landlord entered into a Lease dated October 17, 2006, as amended by the First Amendment to Lease dated as of February 28, 2007 and Second Amendment to Lease dated as of March 16, 2007 (such lease, as amended, being hereinafter called the "**Prior Lease**"), pursuant to which Tenant leased from Prior Landlord 26,750 rentable square feet of floor area described therein in the Building (the "**Initial Space**"),

WHEREAS, Tenant and Landlord desire to enter into this Lease and terminate the Prior Lease effective as of the date hereof.

WHEREAS, Landlord and Tenant desire to enter into this Lease pursuant to which Landlord will lease to Tenant (i) the Initial Space commencing as of May 15, 2008 and (ii) if Landlord has fulfilled all of its obligations under Sections 44, 45, 46 and 49 during the applicable periods indicated therein, the remaining 31,261 rentable square feet of space in the Building (the "**Remaining Space**") commencing on April 1, 2009 (the "Move In Date"), unless Landlord contributes to any delay in Tenant's ability to move in by such date, in which event the Move in Date shall be extended one day for every day of Landlord's delay, all pursuant to the terms, conditions, and provisions more particularly described herein.

BASIC LEASE PROVISIONS AND DEFINITIONS.

In addition to other terms elsewhere defined in this Lease, the following terms whenever used in this Lease should have only the meanings set forth in this section, unless such meanings are expressly modified, limited or expanded elsewhere herein:

(1) Date of Lease: Shall mean as of May 15, 2008.

(2) Building: Shall mean 109 Morgan Lane, Township of Plainsboro, Middlesex County, New Jersey (the "**Building**").

(3) Land: Shall mean LOT 24 in Block 2001 as shown on the Plainsboro Township Tax Records, Middlesex County, New Jersey (hereinafter referred to as the **"Land"**).

(4) Premises: Shall mean the Initial Space and/or the Remaining Space, as applicable, within the Building (from the floor slab up, ceiling down and the inside face of the finished walls) (the "**Premises**"), which are shown on the plan attached hereto and made a part hereof as Exhibit "A".

(5) Term: Shall mean a term of the Lease of the Premises (or part thereof) which shall commence on the applicable Occupancy Date and which shall terminate on the applicable Termination Date, provided, however, that Tenant shall have unrestricted access to the Premises immediately after the date of the Lease in order to prepare the Premises, including but not limited to performing certain work to finish the interior of the Remaining Space as described herein, for Tenant's occupancy thereof by the applicable Rental Commencement Date.

(6) Commencement Date: Shall mean as of May 15, 2008 for the Initial Space, and, if Landlord has fulfilled all of its obligations under Sections 44, 45, 46 and 49 during the time periods indicated therein as of the Move In Date for the Remaining Space pursuant to the requirements of this Lease unless Landlord contributes to any delay in Tenant's ability to move in by such date. Landlord and Tenant hereby acknowledge and confirm that as of May 15, 2008 (i) the Prior Lease is hereby terminated and neither Landlord nor Tenant shall owe any further obligation thereunder to the other and (ii) the Lease dated October 5, 2007 between Landlord and Tenant relates to the Initial Space and the Remaining Space shall not become effective and is null and void.

(7) Occupancy Date: Shall mean May 15, 2008 for the Initial Space, and if the Remaining Space becomes subject to this Lease pursuant to the conditions specified herein, the Move In Date for the Remaining Space unless Landlord contributes to any delay in Tenant's ability to move in by such date.

(8) Rental Commencement Date: June 1, 2008 for the Initial Space, and if Landlord has fulfilled all of its obligations under Sections 44, 45, 46 and 49 during the applicable time periods indicted therein the Move In Date for the Remaining Space unless Landlord contributes to any delay in Tenant's ability to move in by such date.

(9) Termination Date: Shall mean May 31, 2018 for both the Initial Space and for the Remaining Space, unless the term of the Lease is extended by Tenant as provided herein. If Tenant exercises its option to renew for five years, the termination date shall be the last day of such five extension period.

(10) Five Year Renewal Option: Provided that Tenant is not in default of any of Tenant's obligations under this Lease, Tenant shall have the right to renew the term of this Lease on all of the terms and provisions set forth herein (except that the Minimum Rent shall be adjusted as set forth below) for a period of five years by providing not less than 180 days advance written notice to Landlord of its election to renew under the terms described herein.

Minimum Rent: For the Initial Space from June 1, 2008 through May 31, 2018:

Months	Monthly Rent	Annual Rent
1-4	$ 20,062.50	$240,750.00
5-16	$ 20,619.79	$247,437.50
17-28	$ 21,734.38	$260,812.50
29-40	$ 22,848.96	$274,187.50
41-57	$ 24,520.83	$294,250.00
58-69	$ 25,256.46	$303,077.50
70-81	$ 25,992.08	$311,905.00
82-93	$ 26,772.29	$321,267.50
94-105	$ 27,597.08	$331,165.00
106-117	$ 28,421.88	$341,062.50
118-120	$ 28,421.88	$341,062.50

For the Remaining Space (if applicable) from the Move In Date through May 31, 2018: $27,353.38 per month (which is equal to $328,240.56 per year), as adjusted pursuant to Article 4 of this Lease.

The Minimum Rent during the renewal term shall be computed in accordance with the provisions of this Paragraph. In the event the Consumer Price Index for Urban Wage Earners and Clerical Workers in the City of Philadelphia published by the Bureau of Labor Statistics of the U.S. Department of Labor (1982-84 equals 100) (hereinafter called the "Price Index") or a successor or substitute index appropriately adjusted, reflects an increase in the cost of living in the first full calendar month of the renewal term of this Lease (the "Adjustment Month") over and above such cost of living as reflected by the Price Index as it exists for the first month of the initial term hereof (hereinafter called the "Base Index"), the Minimum Rent during the renewal term shall be increased to the amount determined by multiplying the Minimum Rent (applicable to both the Initial Space and the Remaining Space) provided for the last year of this Lease by a fraction, the numerator of which shall be the Price Index for the Adjustment Month and the denominator of which shall be the Base Index. In the event that such determination cannot be made until after the commencement of the renewal term, the increase of the monthly rental payments due for the months of the renewal term prior to such determination shall be paid to Landlord upon the date the next payment of rent is

due following such determination. In no event shall the Minimum Rent be less than the Minimum Rent for the last year of the initial term of this Lease.

(11) Permitted Use: General office, lab, warehouse and any other lawfully permitted use.

(12) Tenant's address: 311 Enterprise Drive
Plainsboro, NJ 08536.

(13) Landlord's address: c/o Rudner Real Estate, 133-A Gaither Drive, Mount Laurel, New Jersey 08054.

(14) Proportionate Share:

Shall mean 46.1% with respect to the Initial Space and 53.9% with respect to the Remaining Space.

WITNESSETH

1. DEMISE OF PREMISES. The Landlord does hereby lease and demise to the Tenant, and the Tenant does hereby hire and take from the Landlord, upon and subject to the covenants, agreements, terms, provisions and conditions of this Lease, the Premises for the Term. Landlord represents and warrants that Landlord is the fee owner of the Premises

2. TERM.

A. The Term for the Initial Space or the Remaining Space, as applicable, shall commence on the applicable Occupancy Date and shall end on the applicable Termination Date or date upon which the Term may be sooner terminated pursuant to the provisions of this Lease or pursuant to law.

3. RENT.

A. Minimum Rent (as hereinafter defined) and Additional Rent (as hereinafter defined) and other charges which shall become due and payable hereunder as set forth herein are sometimes collectively referred to herein as **"Rent."**

B. All Rent shall be paid to the Landlord at the Landlord's address, or at such other place or to such other person as the Landlord may designate, in lawful money of the United States of America.

C. The Tenant does hereby covenant and agree to pay the Rent herein reserved as and when the same shall become due and payable, without demand therefor

and without any set-off or deduction whatsoever, and to keep and perform, and to permit no violation of, each and every one of the covenants, agreements, terms, provisions and conditions herein contained on the part and on behalf of the Tenant to be kept and performed, provided, that set-off or deduction is allowed in the event that Landlord does not make the required reimbursement allowance payments to Tenant as described in Section 49.

D. If the Tenant fails or refuses to pay Rent hereunder and the Landlord institutes suit for the collection of same or for possession of the Premises, the Tenant agrees to reimburse the Landlord, as Additional Rent hereunder, for all reasonable expenses incurred by the Landlord in connection therewith, including, but not limited to, reasonable attorney's fees. If the payment of any sum required to be paid by the Tenant to the Landlord under this Lease (including, without limiting the generality of the foregoing, Rent, adjustments or payments made by the Landlord under the provisions of this Lease for which the Landlord is entitled to reimbursement by the Tenant) shall become overdue for ten (10) business days beyond the date on which written notice was given to Tenant of non-payment of rent due and payable as provided in this Lease, then a delinquency service charge equal to five (5%) percent of the amount overdue shall become immediately due and payable to the Landlord as liquidated damages for the Tenant's failure to make prompt payment. Further, such delinquency service charge shall be payable on the first day of the month next succeeding the month during which such late charges become payable as Additional Rent, together with interest on the amounts overdue from the date on which they become due and payable computed at the rate of the lower of statutory rate or twelve (12) percent *per annum*. In the event of nonpayment of any delinquency service charges and interest provided for above, the Landlord shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of nonpayment of Rent. No failure by the Landlord to insist upon the strict performance by the Tenant of the Tenant's obligation to pay late charges shall constitute a waiver by the Landlord of its rights to enforce the provisions of this Article 3 in any instance thereafter occurring. The provisions of this Article 3 shall not be construed in any way to extend any notice period provided for in this Lease.

E. Whenever in this Lease the Tenant is required to pay Additional

Rent or other charges to the Landlord, the Landlord shall have all remedies for the collection thereof that it may have for the nonpayment of Minimum Rent hereunder.

F. This Lease is intended to be a Net, Net, Net Lease and the Rent reserved hereunder shall be absolutely net to Landlord, except where otherwise specifically set forth herein.

4. MINIMUM RENT

A. Minimum Rent shall be payable in advance without demand in monthly payments on the first day of each and every calendar month during the Term. Minimum Rent shall not commence until the applicable **Rental Commencement Date**. If the Rental Commencement Date shall be on a day other than the first day of the month,

Tenant shall pay in advance a *pro rata* portion of Minimum Rent for balance of such month and thereafter commence the payment of the full monthly Minimum Rent on the first day of the next month following the Rental Commencement Date.

B. In the event the Tenant extends the Term of the Lease as provided in Article 2 of this Lease, the Minimum Rent during the Term of the exercised Renewal Option shall be as set forth in paragraph 2.B.

5. ADDITIONAL RENT

A. Commencing on the Move In Date, unless Landlord contributes to any delay in Tenant's ability to move in by such date, the Additional Rent (as hereinafter defined) and other charges shall become due and payable hereunder as hereinafter specifically provided. The Additional Rent for the Term of the Lease shall initially be estimated to be $3.63 per square foot or $97,102.50 per annum for the Initial Space which Tenant shall remit to Landlord in monthly payments of $8,091.88 on account of the Additional Rent, commencing on the Move In Date, unless Landlord contributes to any delay in Tenant's ability to move in by such date and, if the conditions for the Remaining Space becoming subject to this Lease are satisfied during the applicable time periods indicated herein, the estimated $3.63 per square foot or $113,477.43 per annum for the Remaining Space which Tenant shall remit to Landlord in monthly payments of $9,456.45, commencing on January 1, 2009 on account of the Additional Rent. **"Additional Rent"** shall mean Taxes, Operating Expenses and other charges due to Landlord from Tenant hereunder.

B. As used herein, and for the purposes of this Article:

(1) **"Taxes"** shall mean real estate taxes and assessments, special or otherwise, assessments, and other governmental charges, whether general or special, ordinary and extraordinary, unforeseen as well as foreseen, of every kind and nature, levied upon or assessed against the Premises imposed by Federal, State or local governments (but shall not include income, franchise, capital stock, estate or inheritance taxes or taxes based on receipts of rentals, unless the same shall be in substitution for or in lieu of a real estate tax or assessment) and any personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and appurtenances in, upon or used in connection with the Building and Land for the operation thereof, provided that if, because of any change in the method of taxation of real estate, any other or additional tax or assessment is imposed upon the Landlord or upon or with respect to the Land and/or Building or the Rents or income therefrom, as or in substitution for or in lieu of any tax or assessment which would otherwise be a real estate tax, or personal property tax of the type referred to above, such other tax or assessment shall also be deemed a real estate tax. Any association or governmental charges which benefit the Premises beyond the term of this Lease shall be allocated between Landlord and Tenant.

NOTE: Tenant shall only be responsible for taxes/special assessments that are incurred during the actual lease term and for that portion that Tenant benefits from during the Term.

(2) "**Operating Expenses**" shall mean and include those actual expenses incurred by the Landlord in accordance with the terms of this Lease in respect to the operation, maintenance, insuring and safekeeping of the Premises, except as set forth hereinbelow, in accordance with accepted principles of sound management and accounting practices as applied to the operation, maintenance, insuring and safekeeping of the Premises, including all utility, sewer and water, maintenance of the roof and structural components of the building and other charges not billed directly to and/or paid directly by the Tenant. Operating Expenses shall not include:

(1) The cost of any items which under generally accepted accounting principles consistently applied are properly classified as capital expenditures for replacements as opposed to repairs which shall at all times be included in Operating Expenses.

(2) Leasing commissions, costs, disbursements, and other expenses incurred for leasing, renovating, or improving space for tenants.

(3) Costs (including permit, license, and inspection fees) incurred in renovating, improving, decorating, painting, or redecorating vacant space or space for tenants.

(4) Landlord's cost of electricity or other service sold to tenants for which Landlord is to be reimbursed as a charge over the base rent and additional rent payable under the lease with that tenant.

(5) Costs incurred by Landlord for alterations that are considered capital improvements and replacements under generally accepted accounting principles consistently applied.

(6) Depreciation and amortization on the Building.

(7) Costs of a capital nature including capital improvements, capital repairs, capital equipment, and capital tools, as determined under generally accepted accounting principles consistently applied.

(8) Costs incurred because the Landlord or another tenant violated the terms of any lease.

(9) Overhead and profit paid to subsidiaries or affiliates of Landlord for management or other services on or to the Enterprise Business Center or for supplies or other materials, to the extent that the costs of the services, supplies, or materials exceed the competitive costs of the services, supplies, or materials were they not provided by a subsidiary or affiliate.

(10) Interest on debt or amortization payments on mortgages or deeds of trust or any other debt for borrowed money.

(11) Compensation paid to clerks, attendants, or other persons in commercial concessions operated by Landlord.

(12) Rentals and other related expenses incurred in leasing air conditioning systems, elevators, or other equipment ordinarily considered to be of a capital nature, except equipment used in providing janitorial services that is not affixed to the Building.

(13) Items and services for which Tenant reimburses Landlord or pays third parties or that Landlord provides selectively to one or more tenants of the Building other than Tenant without reimbursement.

(14) Advertising and promotional expenditures.

(15) Repairs or other work needed because of fire, windstorm, or other casualty or cause insured against by Landlord or to the extent Landlord's insurance required under this Lease would have provided insurance, whichever is the greater coverage.

(16) Costs incurred in operating the parking facilities for the Building except to the extent the cost of operating the parking facilities exceeds the revenues generated from operating the parking facilities.

(17) Nonrecurring costs incurred to remedy structural defects in original construction materials or installations.

(18) Any costs, fines, or penalties incurred because Landlord violated any governmental rule or authority.

(19) Costs incurred to test, survey, cleanup, contain, abate, remove, or otherwise remedy hazardous wastes or asbestos containing materials from the Enterprise Business Center unless the wastes or asbestos containing materials were in or on the Enterprise Business Center because of Tenant's negligence or intentional acts.

(20) Costs of acquiring, leasing, restoring, insuring or displaying sculptures, paintings and other objects of art located within the Building.

(21) Other expenses that under generally accepted accounting principles consistently applied would not be considered normal maintenance, repair management, or operation expenses.

The Tenant shall pay to Landlord its Proportionate Share of all Taxes, Water and Sewer, Utilities (if not separately metered), Insurance, and Operating Expenses pursuant to Section 5 of the Lease. Tenant shall pay for the cost of Trash removal based upon Tenant's actual use.

Notwithstanding anything set forth in this Lease to the contrary, upon not less than (60) days prior written notice to Landlord, subject to the provisions set forth herein, Tenant shall have the right to assume the Landlord's obligation to maintain the common areas of the Building and Land, including, but not limited to lighting, cleaning the Building exterior and common areas of the Building interior, trash removal and recycling, repairs and maintenance of the storm water management system, policing and regulating traffic to and from the Land, fire suppression and alarm systems, removing snow, ice and debris and maintaining all landscape areas, (including replacing and replanting flowers, shrubbery and trees), maintaining and repairing all other exterior improvements on the Land, all repairs and compliance costs necessitated by laws (the "Common Area Obligations"). If Tenant exercises its right to assume the Common Area Obligations, the costs incurred by Tenant in connection with the Common Area Obligations, together with the administrative costs associated therewith shall be excluded from the Operating Expenses. If Tenant exercises its right to assume the Common Area Obligations, Tenant shall (i) perform the Common Area Obligations and maintain the Building and Land in a manner at least consistent with the manner in which Landlord performed the Common Area Obligations prior to the time that Tenant exercised its rights under this Section , (ii) release Landlord of and from all loss, cost, damage and expense arising from or in any way related to the Common Area Obligations, and (iii) indemnify, defend and save Landlord harmless from and against all loss, cost, damage or expense (including attorneys fees and costs) arising from or in any way related to the Common Area Obligations and Tenant's obligations relating to the Common Area Obligations.

C. Taxes

(1) The Tenant agrees that, commencing January 1, 2009 and continuing thereafter during the Term of this Lease, Tenant will pay monthly as Additional Rent, together with the monthly payments of Minimum Rent, an amount equal to one-twelfth (1/12th) of its share of the Taxes that are applicable to the percentage of space in the Building that is covered by the Lease as of such date. The sum shall be due and payable on an estimated basis in monthly installments, which shall be reasonably determined by the Landlord, until the actual sum is known, at which time an adjustment shall be made. Provided, however, with the Landlord's consent, which consent shall not be unreasonably withheld, delayed or conditioned, Tenant shall have the right to institute a proceeding challenging the amount of the real estate assessment for the Premises which, if instituted, Tenant or its designees shall conduct promptly, at its own expense, and free of any expense to Landlord, and if necessary in the name of and with the cooperation of the Landlord and Landlord shall execute all documents necessary to accomplish the foregoing. Notwithstanding the foregoing, Tenant shall promptly pay the then current Taxes when due as provided hereunder. The Landlord shall not be obligated to bring any action seeking a reduction in the assessment, and Landlord shall not be in any way liable

to Tenant in the event any such action by Landlord or Tenant results in an increase in the assessment.

(2) If at any time during the Term of this Lease, under the laws of the State of New Jersey, or any political subdivision thereof, a tax on Rents is assessed against the Landlord, as a substitution in whole or in part, for a real estate tax, assessment, water rent, rate or charge, sewer rent, or other governmental imposition or charge with respect to the Premises, Tenant shall pay its share of same.

D. Water and Sewer. The Tenant shall pay monthly, as Additional Rent, all charges for water and sewer attributable to the Premises. If there are separate meters installed to monitor Tenant's use of water and sewer, Tenant shall be responsible for its actual use as determined by the meter and same shall immediately be paid by Tenant as Additional Rent when billed as aforesaid.

E. Utilities and Trash. All utility services used by Tenant at the Premises shall be separately metered, and Tenant shall arrange to have the utilities billed in its own name and shall pay all charges thereof directly to the utility company furnishing the services. Trash removal from the Premises in containers provided by Landlord shall be Landlord's responsibility and the cost thereof shall part of the Operating Expenses. Removal of all samples shall be Tenant's responsibility, shall be at Tenant's sole expense and, Tenant shall not remove or dispose of any hazardous substance or waste except in accordance with Article 11 hereof at its sole expense.

F. Insurance.

(i) Landlord's Insurance. Landlord shall, during the Term of the Lease, procure and keep in force the following insurance, the cost of which will be deemed Additional Rent payable by Tenant in its Proportionate Share pursuant to this Lease:

(a) Property insurance insuring the Premises and improvements (excluding foundations) against loss or damage resulting from perils covered by the causes of loss — special form (or the equivalent ISO form in use from time to time in the state where the Premises is located) including rental income insurance (i.e., loss of rents and/or income insurance) for a period of not less than 12 months. Such coverage, if applicable, shall be written on a replacement cost basis in the full insurable replacement value of the Premises and improvements with an agreed amount endorsement to prevent coinsurance and shall cover all equipment, fixtures or tenant improvements other than trade fixtures and personal property which are owned by Tenant or any third parties located on or in the Premises.

(b) Commercial general liability insurance (or the equivalent ISO form in use from time to time in the state where the Property is located), naming Tenant as an additional insured, providing coverage against any and all claims for bodily injury and property damage occurring in or about the

Building or the Land. Such insurance shall have the combined single limit of not less than One Million Dollars ($1,000,000) per location with a Two Million Dollars ($2,000,000) per occurrence aggregate limit.

(c) Such other insurance as Landlord deems necessary and prudent and carried by owners of similar properties in the Mercer County, NJ, area, or as required by Landlord's mortgagees encumbering the Land.

(ii) Tenant's Insurance. Tenant shall, during the Lease Term, procure and keep in force the following insurance:

(a) Commercial general liability (hereinafter referred to as "CGL") insurance (or the equivalent ISO form in use from time to time in the state where the Premises is located) naming Landlord, Landlord's managing agent for the Premise, if any, and, if requested, Landlord's mortgage lender, as additional insured parties, providing coverage against any and all claims for bodily injury and property damage occurring in, or about the Premises, Building and Land arising out of use and occupancy of the Premises by Tenant or its agents, employees or invitees. Such insurance shall have a combined single limit of not less than One Million Dollars ($1,000,000) per occurrence with Two Million Dollars ($2,000,000) aggregate limit and an excess umbrella liability insurance (following form) in the amount of Ten Million Dollars ($10,000,000). If Tenant has other locations that it owns or leases the policy shall include an aggregate limit per location endorsement. Such liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this Lease and the minimum limits of coverage set forth in this Lease shall not be construed to limit the coverage available to any additional insured party to an amount which is less than the full policy limit(s) of all applicable policies actually carried by Tenant. Notwithstanding any limits of liability set forth herein or shown on any certificate/evidence of insurance, Landlord shall be entitled to additional insured status on all liability insurance maintained by Tenant.

(b) Property insurance insuring all equipment, trade fixtures, inventory, fixtures and other personal property located on or in the Premises (hereinafter referred to as the "Insured Personalty") for perils covered by the cause of loss — special form (or the equivalent ISO form in use from time to time in the state where the Premises is located). Such insurance shall be written on a replacement cost basis in an amount equal to the full insurable value of the aggregate of the Insured Personalty and with an agreed amount endorsement to prevent co-insurance.

(c) Workers' compensation insurance in accordance with statutory law.

(iii) Miscellaneous Requirements.

(a) The policies required to be or otherwise maintained by the parties shall be issued by companies rated A (X) or better in the most current issue of Best's Insurance Reports. Insurers shall be admitted insurers in the state in which the Premises is located, and domiciled in the USA. Any deductible or retention amounts under any insurance policies required hereunder shall not exceed $ 10,000.00 as to property and business insurance, and $10,000.00 as to liability insurance. Certified copies of the policies, or (i) Certificate of Insurance (ACORD 25) for liability and Evidence of Insurance (ACORD 27 and/or ACORD 28) as to property insurance or (ii) a binder (ACORD 13) followed before expiration of the binder by a copy of the declarations page(s) of the policy with a schedule of all endorsements, shall be delivered to Landlord prior to the Commencement Date and annually thereafter at least thirty (30) days prior to the expiration date of the old policy. In addition, Tenant shall deliver copies of any endorsements requested by Landlord. Such forms shall indicate applicable deductibles, retention, coverage and sub-limits of coverage and shall contain an endorsement each of the insurance companies named thereon adding any additional insured party(ies) required herein. Tenant shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy(ies), provided each such blanket policy expressly affords coverage to the Property, and to the Landlord and other parties as required by this Lease.

(b) Each policy of insurance required to be or otherwise maintained by Tenant shall provide written notification to Landlord and any other additional insured party at least thirty (30) days prior to any cancellation or modification to reduce the insurance coverage.

(c) In the event Tenant does not purchase the insurance required by this Lease or keep the same in full force and effect, Landlord may, but shall not be obligated to purchase the required insurance or such lesser alternative insurance coverage as Landlord may elect, and pay the premium therefor. Tenant shall repay to Landlord, as Additional Rent, the amount so paid promptly upon demand plus an administrative fee of 15% of such premium. In addition, Landlord may recover from Tenant and Tenant agrees to pay, as Additional Rent, any and all reasonable expenses (including attorneys' fee) and damages which Landlord may sustain by reason of the failure of Tenant to obtain and maintain such insurance and/or efforts to obtain same from Tenant or from other sources.

(d) Tenant's CGL policy shall be primary as to any occurrence on the Premises and Landlord's CGL policy shall be primary as to any occurrence elsewhere in the Building or on the Land.

G. Operating Expenses.

(1) The Additional Rent charges for the Operating Expenses for the Initial Space and, if applicable, for the Remaining Space shall be reasonably estimated on a monthly basis, and such monthly estimate shall be payable commencing

on January 1, 2009 and thereafter with the monthly payment of Minimum Rent and other Additional Rent. An adjustment to the estimated payments shall be made by the Landlord each year after the actual cost and expense of the Operating Expenses of the prior year is known and any overpayments shall be credited against the next months' Additional Rent payments due hereunder. Any underpayments shall be paid by the Tenant to the Landlord within the next month's Additional Rent payment next due hereunder, subject to any grace period set forth hereunder.

(2) Landlord shall give Tenant each calendar year during the Term of this Lease by April 1 of each year, a statement showing the amount of the Operating Expenses for the Initial Space and for the Remaining Space for the immediately preceding calendar year and an estimate of Tenant's annual cost for the current year (hereafter referred to as the "**Statements**") for the Initial Space and for the Remaining Space. Failure by Landlord to give a Statement shall not constitute a waiver by Landlord of its right to require Tenant's payment of the previous year's Operating Expenses. Provided, however, if the Statement for the previous year is not given to Tenant by July 1 of each year during the Term, Tenant shall not be obligated to pay Operating Expenses until a Statement is given to Tenant.

(3) If the Tenant shall dispute in writing any specific item or items or amounts included by the Landlord in any Statement furnished by the landlord to the Tenant and such dispute is not amicably settled between the Landlord and the Tenant within one hundred eighty (180) days after the Statement therefor has been rendered, either party may, during the one hundred eighty (180) days next following the expiration of the first mentioned one hundred eighty (180) days (upon written notice to the other party accompanied by a copy of its letter of submission setting forth the items of dispute) refer such disputed item or items to arbitration in accordance with Article 36 of this Lease and the decision rendered in such arbitration shall be conclusive and binding upon the Landlord and the Tenant. In no event, however, shall any dispute or the submission of same to arbitration be grounds for any delay or reduction by the Tenant in the payment of the monies due to the Landlord as reflected in the Statement in question, except as set forth hereinabove. The Landlord shall have the right, for a period of twelve (12) months after the rendering of any Statements (or for a longer period, if reasonably required in order to ascertain the facts) to send corrected Statements to the Tenant, and the Tenant shall pay any amount indicated therein to be due to the Landlord within one hundred twenty (120) days after such corrected Statement has been rendered. If the Tenant shall not so dispute any item or items of any Statement or corrected Statement within sixty (60) days after such Statement or corrected Statement has been rendered, the Tenant shall be deemed to have approved such Statement or corrected Statement.

(4) The Landlord shall keep, for a period of one (1) year after Statements are rendered as provided in this Article 5.G., records in reasonable detail of the items covered by such Statements and shall permit the Tenant, upon the giving of reasonable prior notice, to examine and audit such records to verify such Statements, at reasonable times during business hours.

6. [Intentionally Omitted.]

7. POSSESSION AND COMPLETION. The Landlord anticipates delivery of possession of the Premises to the Tenant on the applicable Occupancy Date. Notwithstanding anything contained herein to the contrary, Landlord shall deliver the Premises to the Tenant on the applicable Occupancy Date in the condition required under this Lease. Tenant shall thereafter be responsible to perform the improvements to the **Remaining Space** described herein. Tenant shall pay Minimum Rent for the Premises or part thereof commencing on the applicable Rental Commencement Date and shall pay Additional Rent for the Premises or part thereof commencing on January 1, 2009. Notwithstanding the immediately preceding sentence, Tenant agrees to pay for any and all Utilities and Trash pursuant to Section 5.E. beginning on the applicable Occupancy Date.

8. USE OF PREMISES.

A. The Premises shall be used and occupied only for the Permitted Use and for no other use or purpose without the Landlord's prior written reasonable consent. The Tenant shall not use or permit the use of the Premises or any part thereof in any way which would violate any Certificate of Occupancy for the Building or any of the covenants, agreements terms, provisions and conditions of this Lease or for any unlawful purposes or in any unlawful manner and the Tenant shall not suffer or permit the Premises or any part thereof to be used in any manner or anything to be done therein or suffer or permit anything to be brought into or kept in the Premises which, in the reasonable judgment of the Landlord, shall in any way impair the character, reputation or appearance of the Building, impair or interfere with any of the Building services or the proper and economic heating, cleaning, air conditioning or other servicing of the Building required to be performed by the Landlord, if any.

B. If any governmental license or permit shall be required for the proper and lawful conduct of the Tenant's business or other activity carried on in the Premises, and if the failure to secure such license or permit would, in any way, affect the Landlord, the Tenant, at the Tenant's expense, shall duly procure and thereafter maintain such license or permit and submit the same to inspection by the Landlord. The Tenant, at the Tenant's expense, shall, at all times, comply with the terms and conditions of each such license or permit.

C. If by reason of failure of the Tenant to comply with the provisions of this Lease, including but not limited to, the manner in which the Tenant uses or occupies the Premises, the insurance rates shall at the commencement of the Term or at any time thereafter be higher than it otherwise would be, then, the Tenant shall reimburse the Landlord, as Additional Rent hereunder, for that part of all insurance premiums thereafter paid or incurred by the Landlord, which shall have been charged because of such failure or use by the Tenant, and the Tenant shall make such reimbursement upon the first day of the month following the billing to the Tenant of such additional cost by

the Landlord. To the best of Landlord's knowledge, Tenant's Permitted Use shall not, at this time, result in any additional insurance premiums.

9. REPAIRS, REPLACEMENTS, ALTERATIONS.

A. The Tenant shall take good care of the Premises and the fixtures and appurtenances therein. The Tenant shall make, at its own expense, all repairs and replacements required to keep the Premises and fixtures exclusively servicing the Premises in good working order and condition. The Tenant shall maintain, at its own expense, all light bulbs, fluorescent tubes, and lighting fixtures in the Premises. Tenant shall maintain the HVAC systems in good working order and engage a service company on an annual basis to provide regular and routine maintenance of the HVAC systems servicing the Building. All repairs made by the Tenant shall be at least equal in quality to the original work. The Tenant[1] shall not make any significant installations, alterations, additions or improvements in or to the Premises without first obtaining the Landlord's written consent thereto (which consent may be arbitrarily withheld with respect to any proposed structural or mechanical alterations or additions). All alterations, decorations, installations, additions or improvements upon the Premises made by Tenant and consented to by Landlord, or made by Landlord (including but not limited to, paneling, partitions, railings, and the like), except the Tenant's movable fixtures and furniture, shall become the property of the Landlord and shall remain upon, and be surrendered with the Premises, as a part thereof, at the end of the Term.

B. In the event the Tenant makes any repairs, replacements, or alterations in or to the Premises, any contractors or subcontractors employed by the Tenant shall employ only such labor as will not result in jurisdictional disputes with any labor unions or in strikes against or involving the Landlord or the Building. The Tenant will inform the Landlord, in writing, of the names of contractors and/or subcontractors the Tenant proposes using to do work in its behalf within the Building at least seven (7) days prior to the beginning of any permitted work.

C. Landlord hereby covenants and agrees that, notwithstanding anything contained in this Section 9 or otherwise in the Lease to the contrary, the Tenant shall have the right to erect a block sign on the Building, which block sign shall be substantially similar to the block sign erected by Tenant at the building located at 311 Enterprise Drive with respect to form, substance and location.

D. If Landlord shall rent any space in the Building to any other tenant, then prior to the lease of such space to such tenant, Landlord shall, at Landlord's sole cost and expense, construct any and all walls necessary to divide the space being leased to the new tenant from the Premises, or any part thereof, and such walls shall be constructed from the floor slab up to the ceiling, in a good and workmanlike manner and in

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1 Tenant shall have the right without Landlord's approval to do up to $10,000 worth of work per year. Unless Landlord agrees to Tenant's changes in writing, Landlord shall have the right to require Tenant to place, at its own cost and expense, the Premises back into its original condition upon termination or expiration.

accordance with all applicable rules, regulations, laws, ordinances, statutes and requirements of all government authorities, including the fire insurance rating organization and Board of Fire Underwriters and any similar bodies having jurisdiction thereof.

E. Tenant intends to make certain alterations at the Premises of which Tenant shall obtain Landlord's consent, and Landlord agrees that Landlord shall not unreasonably withhold, condition, or delay such consent. Neither the fit out nor the alterations shall be required by Landlord to be removed from the Premises by Tenant at the end of the term.

10. TENANT COVENANTS. The Tenant covenants and agrees that the Tenant will:

A. Faithfully observe and comply with the Rules and Regulations. Nothing contained in this Lease shall be construed to impose upon the Landlord any duty or obligation to enforce the Rules and Regulations.

B. The phrase "Rules and Regulations" as used in this Lease shall mean all such rules, regulations, statutes and/or laws that are created, enacted and/or instituted by any governmental authority (federal, state, county or local) having the authority to do so and which Rules and Regulations apply to the operation, maintenance, use, appearance and/or safety with respect to the Land, the Building and/or Premises, and such additional reasonable rules and regulations as the Landlord hereafter at any time or from time to time may make and apply to all tenants of the Building and may communicate in writing to the Tenant, which, in the reasonable judgment of the Landlord, shall be necessary or desirable for the reputation, safety, care or appearance of the Land, Building and/or the Premises, or the preservation of good order therein, or the operation, maintenance, insurance or safekeeping of the Land, Building and/or the Premises, or the equipment thereof, or the comfort, quiet and convenience of tenants or others in the Enterprise Business Center; provided, however, that in the case of any conflict between the provisions of this Lease and any such Rules and Regulations, the provisions of this Lease shall control.

C. Permit the Landlord and any mortgagee of the Building or of the Building and the Land or of the interest of the Landlord therein and any lessor under any ground or underlying lease, and their representatives, to enter the Premises at all reasonable hours with reasonable advanced notice, for the purposes of inspection, or of making repairs, replacements or improvements in or to the Premises or the Building or equipment, or of complying with any laws, orders, and requirements of governmental or other authority or of exercising any right reserved to the Landlord by this Lease (including the right during the progress of any such repairs, replacements or improvements or while performing work and furnishing materials in connection with the compliance with any such laws, orders or requirements to keep and store within the Premises all necessary materials, tools and equipment). Nothing herein contained, however, shall be deemed or construed to impose upon the Landlord or any mortgagee of the Landlord's interest in the Land and/or Building, any obligation, responsibility or

liability whatsoever for the care, supervision or repair of the Premises or the Building or any parts thereof other than as specifically herein provided.

D. Not bring or keep in the Premises any property other than such as might normally be brought upon or kept in the Premises as an incident to the reasonable use of the Premises for the purposes herein specified.

E. Not violate, or permit the violation of, any reasonable conditions imposed by the Landlord's insurance carriers of which conditions Tenant receives written notice thereof, and not do anything or permit anything to be done, or keep anything or permit anything to be kept, in the Premises, which would increase the insurance rates on the Building or the property therein, or which would result in insurance companies of good standing refusing to insure the Building or any such property in amounts and against risks as reasonably determined by the Landlord.

F. Permit the Landlord, during business hours, with reasonable advanced notice, within the six (6) month period next preceding the Termination Date with respect to all or any part of the Premises, to show the same to prospective new tenants.

G. Quit and surrender the Premises at the termination of this Lease broom clean and in good condition and with all installations, alterations, additions, and improvements, including partitions which may have been installed by either of the parties upon the Premises (except that the Tenant's removable fixtures and furniture shall remain the Tenant's property and the Tenant shall remove the same), ordinary wear and tear from reasonable use and damages caused by fire or other casualty or condemnation excepted. The Landlord and the Tenant specifically agree that, notwithstanding anything in this Lease to the contrary, the Tenant shall not be required to remove any alterations, installations, additions or improvements made by the Tenant upon the Premises nor to restore the Premises to its original condition prior to the Termination Date. The Tenant's obligations to observe and perform this covenant shall survive the termination of this Lease.

H. At any time and from time to time upon not less than ten (10) days' prior notice by the Landlord to the Tenant, execute, acknowledge and deliver to the Landlord, or to anyone the Landlord shall designate, a statement of the Tenant (or if the Tenant is a corporation, an appropriate officer of the Tenant) in writing certifying that (i) the Tenant has accepted the Premises, has made no advancements for or on behalf of the Landlord for which it has the right to conduct from or offset against future rentals as of the date of certification and the dates to which Rent has been paid in advance, if any, (ii) this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (iii) the Tenant is in full and complete possession, (iv) the Tenant has not discharged or used and does not discharge or use any hazardous or toxic substance or waste at the Premises which is not properly discharged or used, and (v) whether or not, to the best knowledge of the signer of such Certificate, the Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so,

specifying each such default of which the signer may have knowledge; it being intended that any such statement delivered pursuant hereto may be relied upon by any lessor under any ground or underlying lease, or any lessee or mortgagee, or any prospective purchaser, lessee, mortgagee, or assignee of any mortgage of the Building and/or the Land or of the Landlord's interest therein.

I. Except for the willful or negligent acts of the Landlord, its agents or employees, indemnify, defend and hold harmless the Landlord against and from any and all claims by or on behalf of any person or persons, firm or firms, corporations, arising from the conduct or management of or from any work or thing whatsoever done by or on behalf of the Tenant in or about the Premises as well as from the use and occupancy of the Premises by the Tenant, and further indemnify, defend and hold the Landlord harmless against and from any and all claims arising from any breach or default on the part of the Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to the terms of this Lease, or arising from any act or negligence of the Tenant, or any of its agents, contractors, servants, employees or licensees, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against the Landlord by reason of any such claim, the Tenant, upon notice from the Landlord, covenants to resist or defend at the Tenant's expense such action or proceeding by counsel reasonably satisfactory to the Landlord.

J. At the request of the Landlord only, the Tenant will execute a memorandum of lease for recording purposes containing references to such provisions of this Lease as the Landlord, in its sole discretion, shall deem necessary.

11. ENVIRONMENTAL COMPLIANCE.

A. The Tenant shall, subject to the provisions of subparagraph B below, comply with the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq., the regulations promulgated thereunder and any successor legislation and regulations ("ISRA"). The Tenant shall, subject to the provisions of subparagraph B below, make all submissions to, provide all information to, and comply with all requirements of, the Industrial Site Evaluation or its successor ("Element") of the New Jersey Department of Environmental Protection or its successors ("NJDEP").

B. The Tenant's obligations under this Article 11 shall arise if there is any closing, terminating or transferring of operations of an industrial establishment at the Premises pursuant to ISRA, whether triggered by the Landlord or the Tenant. If triggered by the Tenant, the Landlord agrees to pay the cost of any inspection, removal and/or cleanup required by the New Jersey Department of Environmental Protection as a result of any condition predating the Tenant's occupancy of the Premises such as but not limited to asbestos, transformers, discharges from underground storage tanks, etc. In the event the Landlord should sell the Premises or the Premises should be otherwise sold or transferred pursuant to ISRA, or compliance with ISRA is triggered by Landlord, the Landlord shall assume all of the obligations set forth in subparagraph A above at its own

expenses except that the Tenant agrees to provide the Landlord with any information relating to the Tenant's operations that may be required in order to fulfill such obligations and the Tenant shall pay the cost of any inspection, removal and/or cleanup required by the NJDEP as a result of any condition arising only out of Tenant's occupancy of the Premises.

C. Provided this Lease is not previously canceled or terminated by either party or by operation of law, the Tenant shall commence its submission to the Element in anticipation of the end of the Lease Term no later than the dates provided for in the provisions of this Lease. The Tenant shall promptly furnish to the Landlord true and complete copies of all documents, submissions, correspondence and oral or written communications provided by Tenant to the Element, and all documents, reports, directives, correspondence and oral or written communications by the Element to the Tenant. The Tenant shall also promptly furnish to the Landlord true and complete copies of all sampling and test results and reports obtained and prepared from samples and tests taken at and around the Premises. The Tenant shall notify the Landlord in advance of all meetings scheduled between the Tenant and NJDEP, and the Landlord may attend all such meetings.

D. Should the Element or any other division of NJDEP determine that a cleanup plan be prepared and that a cleanup be undertaken because of a spill or discharge of a hazardous substance or waste by the Tenant at the Premises which occurred during the Term, then in such event, the Tenant shall, at the Tenant's own expense, promptly prepare and submit the required plans and financial assurances and shall promptly carry out the approved plans.

E. If required by the Element, at no expense to the Landlord, the Tenant shall promptly provide all information requested by the Landlord or NJDEP for preparation of a nonapplicability affidavit, *de minimis* quantity exemption application, limited conveyance application or other submission and shall promptly sign such affidavits and submissions when requested by the Landlord or NJDEP.

F. Should the Tenant's operations at the Premises be outside of those industrial operations covered by ISRA, no later than six (6) months prior to expiration of the Lease or any renewal or extension thereof or any closing, terminating, or transfer of operations of the Tenant's operations, the Tenant shall, at the Tenant's own expense, obtain a letter of nonapplicability or *de minimis* quantity exemption from the Element prior to termination of the Term and shall promptly provide the Tenant's submission and the Element's exception letter to the Landlord. Should the Tenant not obtain a letter of nonapplicability or *de minimis* quantity exemption from the Element, then the Tenant shall, at the Landlord's option, hire a consultant satisfactory to the Landlord to undertake investigation at the Premises sufficient to determine whether or not the Tenant's operations have resulted in a spill or discharge of a hazardous substance or waste at or around the Premises. The cost of this investigation shall be borne by the Tenant.

G. If the Tenant fails to obtain either: (i) a nonapplicability letter; (ii) a *de minimis* quantity exemption; (iii) a negative declaration; or (iv) final approval of cleanup; (collectively referred to as "ISRA Clearance") from the Element; or fails to clean up the Premises pursuant to subparagraph F above, prior to the expiration or earlier termination of the Term, then upon the expiration or earlier termination of the Term, the Landlord shall have the option either to consider the Lease as having ended or to treat the Tenant as a holdover tenant in possession of the Premises. If the Landlord considers the lease as having ended, then the Tenant shall nevertheless be obligated to promptly obtain ISRA Clearance and to fulfill the obligations set forth in subparagraph F above. If the Landlord treats the Tenant as a holdover tenant in possession of the Premises, until such time as the Tenant obtains ISRA Clearance and fulfills its obligations under subparagraph F above, and during the holdover period all of the terms of this Lease shall remain in full force and effect in addition to all statutory remedies available to the available to the Landlord.

H. The Tenant represents and warrants to the Landlord that the Tenant intends to use the Premises solely for the Permitted Use, which operations have the North American Industrial Classification Number as defined by the most recent edition of the North American Industrial Classification Manual published by the Federal Executive Office of the President, Office of Management and Budget . The Tenant represents that the Tenant's use and occupancy of the Premises shall not involve in any way the use or creation of hazardous substances or containments. The Tenant's use of the Premises shall be restricted to the classifications set forth above unless the Tenant, obtains the Landlord's prior written consent to any change in the Permitted Use of the Premises. Prior to the Commencement Date, the Tenant shall supply to the Landlord an affidavit of an officer of the Tenant ("Officer's Affidavit") setting forth the Tenant's NAICS number and a detailed description of the operations and processes the Tenant will undertake at the Premises, organized in the form of a narrative report. Following Commencement Date, the Tenant shall notify the Landlord by way of Officer's Affidavit as to any changes in the Tenant's operation, NAICS number or use or generation of hazardous substances and wastes, including a description and quantification of hazardous substances and wastes to be generated, manufactured, refined, transported, treated, stored, handled or disposed of at the Premises. Notwithstanding the foregoing, Landlord acknowledges that Landlord consents to the use of the Premises or part thereof as a laboratory, provided that Tenant complies with all applicable laws. The Tenant shall also supplement and update the Officer's Affidavit upon each anniversary of the Commencement Date. The Tenant shall not commence or alter any operations at the Premises prior to (i) obtaining all required operating and discharge permits or approvals, including but not limited to air pollution control permits and pollution discharge elimination system permits from NJDEP, from all governmental or public authorities having jurisdiction over the Tenant's operations or the premises, and (ii) providing copies of permits or approvals to the Landlord.

I. The Tenant shall permit the Landlord and the Landlord's agents, servants and employees, including but not limited to legal counsel and environmental consultants and engineers, access to the Premises on reasonable advance notice to the Tenant, except in emergencies, for the purposes of environmental inspections and

sampling during regular business hours, or during other hours either by agreement of the parties or in the event of any environmental emergency. The Tenant shall not restrict access to any part of the Premises, and the Tenant shall not impose any conditions to access. In the event that the Landlord's environmental inspection shall include sampling and testing of the Premises, the Landlord shall use its best efforts to avoid interfering with the Tenant's use of the Premises, and upon completion of sampling and testing shall repair and restore the affected areas of the Premises from any damage caused by the sampling and testing.

J. Except for the willful or negligent acts of the Landlord, its agents or employees, the Tenant shall indemnify, defend and hold harmless the Landlord from and against all claims, liabilities, losses, damages and reasonable costs, foreseen or unforeseen, including without limitation counsel, engineering and other professional or expert fees, which the Landlord may incur by reason of the Tenant's action or non-action with regard to Tenant's obligations under this paragraph.

K. This paragraph shall survive the expiration or earlier termination of this Lease. Tenant's failure to abide by the terms of this paragraph shall be restrainable by injunction.

L. The Landlord shall be responsible for any required cleanup of any area of the Premises that is not necessitated by the use of the Premises by the Tenant or the actions of Tenant's, agents, servants, employees or invitees. The Tenant shall not be responsible for any liability resulting from environmental conditions caused by or the responsibility of the Landlord or any of the Landlord's agents, servants, employees, contractors or invitees or if pre-existing the commencement of this Lease.

M. The Tenant shall promptly supply the Landlord with copies of all notices, reports, correspondence and submissions made by the Tenant to EPA, NJDEP, the United States Occupational Safety and Health Administration or any other local, state or federal authority which requires submissions of any information concerning environmental matters or hazardous wastes or substances pursuant to laws including but not limited to the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq. and the regulations promulgated thereunder (the "Spill Act"), the Worker and Community Right to Know Act, N.J.S.A. 34:5A-1 et seq. and the regulations promulgated thereunder, the Hazardous Substance Discharge Reports and Notices Act, N.J.S.A. 13 1K-15 et seq. and the regulations promulgated thereunder, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. and the regulations promulgated thereunder, and Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. and the regulations promulgated thereunder.

N. The Tenant shall promptly notify the Landlord as to any liens threatened or attached against the Premises pursuant to the Spill Act or any other environmental law. In the event that such a lien is filed against the Premises, then the Tenant shall, within thirty days from the date that the lien is placed against the Premises,

and at any date prior to the date any governmental authority commences proceedings to sell the Premises pursuant to the lien, either (a) pay the claim and remove the lien from the Premises; or (b) furnish either (i) a bond satisfactory to the landlord in the amount of the claim out of which the lien arises, (ii) a cash deposit in the amount of the claim out of which the lien arises, or (iii) other security satisfactory to the Landlord in an amount sufficient to discharge the claim out of which the lien arises, or (iv) otherwise dispose of such lien as permitted by law in no more than thirty (30) days. Landlord represents and warrants that the Premises, building and land are clean as of the Occupancy Date.

O. The Tenant shall comply with all terms and conditions of this Lease including but not limited to Article 8.

P. The Tenant shall not install any underground storage tank for the storage of any substance whatsoever without the written consent of the Landlord.

12. LANDLORD'S SERVICES. Provided the Tenant is not in default under any of the covenants, terms, conditions or provisions of this Lease beyond the applicable grace period provided herein, the Landlord shall furnish the following services:

A. HVAC, sufficient to maintain 70° inside the offices within the Building when the temperature outside is no less than 20° nor higher than 80°.

B. Cold and hot water at standard building temperatures to the Premises and all lavatories, public or private, for ordinary drinking, cleaning, sanitary and lavatory purposes.

C. Maintenance of the structure and the roof of the Building, the operation, maintenance and safekeeping of all common areas, including snow and ice removal.

D. Electric current, with the understanding, however, that the Minimum Rent described in the Preamble to this Lease does not include the cost of electricity consumed by the Tenant in the Premises.

E. The Landlord shall not in any way be responsible or liable to the Tenant at any time for any loss, damage, or expense resulting from any change in the quantity or character of the electric service or for its being no longer suitable for the Tenant's requirements or from any cessation or interruption of the supply or current, nor shall any such loss, damage or expense, or non-tenancy or in any way relieve the Tenant of any obligation under the terms of this Lease.

F. The Tenant shall have access to the Premises 24 hours a day, 7 days a week.

G. The Landlord reserves the right, without being liable to the Tenant and without abatement or diminution in Rent, to suspend, delay or stop any of the building services to be furnished and provided by the Landlord under this Lease

whenever necessary by reason of fire, storm, explosion, strike, lockout, labor dispute, casualty or accident, lack or failure of sources of supply of labor or fuel (or inability in the exercise of reasonable diligence to obtain any required fuel), acts of God or the public enemy, riots, interferences by civil or military authorities in compliance with the laws of the United States of America or with the laws, orders or regulations of any governmental authority, or by reason of any other cause beyond the Landlord's control, or for emergency, or for inspection, cleaning, repairs, replacements, alterations, improvements or renewals which in the Landlord's reasonable judgment are desirable or necessary to be made. The Landlord agrees, however, to use its best efforts and to act with all due diligence to restore or have restored any services which may be suspended, delayed or stopped pursuant to this subparagraph G.

H. Except for the willful or negligent acts of the Tenant, its agents or employees, Landlord shall indemnify, defend and hold harmless the Tenant against and from any and all claims by or on behalf of any person or persons, firm or firms, corporations, arising from the conduct or management of or from any work or thing whatsoever done by or on behalf of the Landlord in or about the Premises as well as from the use and occupancy of the Premises by the Landlord, and further indemnify, defend and hold the Tenant harmless against and from any and all claims arising from any breach or default on the part of the Landlord in the performance of any covenant or agreement on the part of the Landlord to be performed pursuant to the terms of this Lease, or arising from any act or negligence of the Landlord, or any of its agents, contractors, servants, employees or licensees, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against the Tenant by reason of any such claim, the Landlord, upon notice from the Tenant, covenants to resist or defend at the Landlord's expense such action or proceeding by counsel reasonably satisfactory to the Tenant.

13. ASSIGNMENT, SUBLETTING, ETC. The Tenant, for itself, its heirs, executors, administrators, successors and assigns expressly covenants that it shall not assign, mortgage or encumber this Lease. Notwithstanding the immediately preceding sentence, Tenant may assign this Lease with the prior written consent of the Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed, and Tenant may at any time during the Term of the Lease, in its sole and absolute discretion, sublease the Premises, or any part thereof, without obtaining the consent of the Landlord.

14. LANDLORD'S RIGHTS. Without abatement or diminution in Rent, the Landlord reserves and shall have the following additional rights:

A. To approve in writing all signs and all sources furnishing sign painting and lettering used in the Premises and to approve all sources furnishing cleaning services, painting, repairing and maintenance, which approvals shall not be unreasonably withheld or delayed.

B. To enter the Premises at all reasonable times with notice (1) for the making of such inspections, alterations, improvements and repairs, as the Landlord may

deem reasonably necessary or desirable, (2) for any purpose whatsoever relating to the safety, protection or preservation of the Premises or of the Building, and (3) to take material into and upon Premises. If a representative of the Tenant shall not be personally present to open and permit an entry into the Premises at any time when an entry shall be reasonably necessary or permissible hereunder, the Landlord or its agents may enter, in cases of emergency, forcibly enter the same without rendering the Landlord or its agents liable therefor (provided that, during such entry, reasonable care shall be accorded to avoid damage or injury to the Tenant's property), and without in any manner affecting the obligations and covenants of this Lease. Without incurring any liability to the Tenant, the Landlord may permit access to the Premises and upon the same, whether or not the Tenant shall be present, upon demand of any receiver, trustee, assignee for the benefit of creditors, sheriff, marshal or court officer entitled to, or reasonably purporting to be entitled to, such access for the purpose of taking possession of, or removing, the Tenant's property or for any other lawful purpose (but this provision and any action by the Landlord hereunder shall not be deemed a recognition by the Landlord that the person or official making such demand has any right or interest in or to this Lease, or in or to the Premises), or upon demand of any representative of the fire, police, building, sanitation or other department of the city, state or federal governments.

C. At any time or times the Landlord, either voluntarily or pursuant to governmental requirement, may, at the Landlord's own expense, make repairs, alterations or improvements in or to the Building or any part thereof and during alterations, may close entrances, doors, windows, corridors, elevators or other facilities, provided that such acts shall not unreasonably interfere with the Tenant's use and occupancy of the Premises.

D. To erect, use and maintain pipes, ducts, shafts and conduits in and through the Premises, provided same do not unreasonably interfere with the Tenant's use and occupancy of the Premises.

E. To charge to the Tenant any expense, as Additional Rent, including overtime cost, incurred by the Landlord in the event that repairs, alterations, decorating

or other work in the Premises are made or done after ordinary business hours at the Tenant's request.

F. To grant to anyone the exclusive right to conduct any particular business or undertaking in the complex, provided that the Tenant's Permitted Use of the Premises shall not be adversely affected thereby.

The Landlord may reasonably exercise any or all of the foregoing rights thereby reserved to the Landlord without being deemed guilty of an eviction, actual or constructive, or disturbance or interruption of the Tenant's use or possession and without limitation or abatement of Rent or other compensation and such acts shall have no effect on this Lease.

15. DAMAGE BY FIRE, ETC.

A. If the entire Premises or any part thereof shall be damaged by fire or other casualty and the Tenant shall give prompt written notice thereof to the Landlord, the Landlord shall proceed with reasonable diligence to repair or cause to be repaired such damage, and if the Premises, or any part thereof, shall be rendered untenantable by reason of such damage, the Rent hereunder, or any amount thereof apportioned according to the area of the Premises so rendered untenantable if less than the entire Premises shall be so rendered untenantable, shall be abated for the period from the date of such damage to the date when the damage shall have been repaired as aforesaid; provided, however, that if the Landlord or any mortgagee of the Building and the Land shall be unable to collect the insurance proceeds (including Rent insurance proceeds) applicable to such damage because of some action or inaction on the part of the Tenant, or the employees, licensees or invitees of the Tenant, the cost of repairing such damage shall be paid by the Tenant, and there shall be no abatement of Rent. The Landlord shall not be liable for any inconvenience or annoyance to the Tenant or injury to the business of the Tenant resulting in any way from such damage or the repair thereof. The Tenant understands that the Landlord will not carry insurance of any kind on the Tenant's furniture or furnishings or on any fixtures, equipments, improvements, installations or appurtenances made or removable by the Tenant as provided in this Lease, and that the Landlord shall not be obligated to repair any damage thereto or replace the same.

B. In case the Building shall be so damaged by such fire or other casualty that the Building cannot be restored within one hundred eighty (180) days of the date of such fire or other casualty, then the Landlord or the Tenant may, at its option, terminate this Lease and the Term and estate hereby granted by notifying the other in writing of such termination within sixty (60) days after the date of such damage. In the event that such a notice of termination shall be given, this Lease and the Term and estate hereby granted shall expire as of the date of such termination with the same effect as if that were the Termination Date, and the Rent payable hereunder shall be apportioned as of the date Tenant was unable to occupy the Building.

C. Intentionally Omitted Prior to Execution.

D. Landlord and Tenant mutually waive and release their respective rights of recovery against each other, and against the officers, directors, partners, members, shareholders, employees, agents, tenants and subtenants of the other, directly or by way of subrogation or otherwise, for any claim, and for any loss of, or damage to, either party's property, any party's business or operations and/or any personal injury to the extent that such claim, loss, damage or injury results from a cause of loss which is covered by any property or CGL insurance actually maintained by a party or which would have been covered by any property or CGL insurance required pursuant to the terms of this Lease. Such waiver or release shall include any deductible, retention and self-insured loss or damage. Such waiver or release shall be effective without regard to whether such required policy was in effect and without regard to the availability of coverage or limits of liability under any such policy. Each party shall obtain any special

endorsements required by its insurer to allow such waiver of rights of subrogation but the failure to obtain same shall not impair the effectiveness of this waiver and/or release between Landlord and Tenant. Any cost for a special endorsement shall be paid for by the party obligated to pay for the required insurance policy hereunder. This clause shall not apply to any claim for willful misconduct or intentional acts which are not covered by the required insurance.

E. For the purposes of this Section 15, any and all equipment and/or systems providing services to the Premises, whether located inside or outside of the confines of the Premises, shall be treated as part of the Premises.

16. CONDEMNATION

A. In the event that more than ten percent (10%) of the Premises shall be lawfully condemned or taken in any manner for any public or quasi-public use, this Lease and the Term and estate hereby granted shall forthwith cease and terminate as of the date of vesting of title. In the event that ten percent (10%) of the parking spaces which form part of the Land shall be so condemned or taken, then the Tenant may, at the Tenant's option, terminate this Lease and the Term and estate hereby granted as of the date of such vesting of title by notifying the Landlord in writing of such termination within sixty (60) days following the date on which the Landlord shall have received notice of vesting of title. If Tenant does not so elect to terminate this Lease, as a foresaid, this Lease shall be and remain unaffected by such condemnation or taking and the Rent payable hereunder shall be equitably abated. In the event that only a part of the Building shall be so condemned or taken and this Lease and the Term and estate hereby granted are not terminated as hereinbefore provided, the Landlord will, with reasonable diligence and at its expense, restore the remaining portion of the Building or parking lot as nearly as practicable to the same condition as it was in prior to such condemnation or taking at Landlord's sole expense.

B. In the event of their termination in any of the cases hereinbefore provided, this Lease and the Term and estate hereby granted shall expire as of the date of such termination with the same effect as if that were the Termination Date of this Lease, and the Minimum Rent and Additional Rent payable hereunder shall be apportioned as of such date.

C. In the event of any condemnation or taking hereinbefore mentioned of all or a part of the Premises, the Landlord (or the mortgagee of any interest in the Land and/or the Building, if pursuant to the terms of the mortgage, or if pursuant to law, mortgagee is entitled to receive all or a portion of the condemnation award), shall be entitled to receive the entire award in the condemnation proceeding, including any award made for the value of the estate vested by this Lease in the Tenant, and the Tenant hereby expressly assigns to the Landlord or to the mortgagee, as provided above, any and all right, title and interest of the Tenant now or hereafter arising in or to any such award or any part thereof. The Tenant shall not be entitled to receive any part of such award from the Landlord, the mortgagee, or the condemning authority, except that the Tenant shall

have the right to assert a claim against the condemning authority for the value of fixtures and equipment installed and paid for by the Tenant and for relocation expenses.

D. It is expressly understood and agreed that the provisions of this Article 16 shall not be applicable to any condemnation or taking for governmental occupancy for a limited period.

17. COMPLIANCE WITH LAWS. The Tenant, at the Tenant's expense, shall comply with all laws and ordinances, and all rules, orders and regulations of all governmental authorities and of all insurance bodies, at any time duly issued or in force, applicable to the Premises or any part thereof or to the Tenant's use thereof.

18. DAMAGE TO PROPERTY.

A. The Tenant shall give to the Landlord prompt written notice of any damage to, or defective condition in, any part or appurtenance of the Building's Structural Elements (as defined in Section 43.a.), and the damage or defective condition shall be remedied by the Landlord with reasonable diligence, provided, however, that if any such damage or defective condition was caused by, or resulted from, Tenant or Tenant's employees, licensees or invitees, the reasonable cost of the remedy thereof shall be paid by Tenant as Additional Rent upon the rendition of a bill indicating the reasonable amount due therefor.

B. All personal property belonging to the Tenant, its servants, employees, suppliers, consignors, customers, licensees, located in or about the Premises shall be there at sole risk of the Tenant and neither the Landlord nor the Landlord's agents shall be liable for the theft, loss or misappropriation thereof nor for any damage or injury thereto except to the extent that such claims are due to the willful acts or negligence of Landlord, its agents or employees, nor shall the Landlord be considered the voluntary or involuntary bailee of such personal property, nor for damage or injury to the Tenant or any of its officers, agents or employees or to any other persons or to any other property caused by fire, explosion, water, rain, snow, frost, steam, gas, electricity, heat or cold, dampness, falling plaster, sewers or sewage odors, noise, leaks from any part of said Building or the roof, the bursting or leaking of pipes, plumbing, electrical wiring and equipment and fixtures of all kinds, or by any act or neglect of other tenants or occupants of the complex or of any other person.

C. All damage or injury to the Premises or to its fixtures, appurtenances and equipment or to the Building caused by the Tenant's moving property in or out of the Building or by installation or removal of furniture, fixtures or other property or from any cause of any kind or nature whatsoever of which the Tenant, its servants, employees, agents, visitors or licensees shall be the cause, shall be repaired, restored and replaced promptly by the Tenant at its sole cost and expense, in quality and class at least equal to the original work or installations, and to the satisfaction of the Landlord. If the Tenant fails to make such repairs, restorations or replacements, the same may be made by the Landlord for the account of the Tenant and the cost thereof shall be collectible as

Additional Rent or otherwise after rendition of a bill or statement and payable simultaneously with the next monthly installment of Rent due and payable hereunder.

19. SUBORDINATION.

A. This Lease is subject and subordinate in all respects to all ground leases and/or underlying leases now or hereafter covering the Land and to all mortgages which may now or hereafter be placed on or affect such leases and/or the Land, Buildings, improvements, or any part thereof and/or the Landlord's interest therein, and to each advance made and/or hereafter to be made under any such mortgages, and to all renewals, modifications, consolidations, replacements and extensions thereof and all substitutions of and for such ground leases and/or underlying leases and/or mortgages. This subparagraph A. shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, the Tenant shall execute and deliver promptly any instrument that the Landlord and/or any mortgagee and/or the lessor under any ground or underlying lease and/or their respective successors in interest may request, provided that Tenant is given a non-disturbance agreement from such mortgagee or lessor by which such mortgagee or lessor agrees to recognize Tenant as the Tenant under this Lease provided that Tenant complies with the terms hereof.

B. The Tenant agrees, at the election and upon demand of any owner of the Land, or of any mortgagee in possession thereof, or of any holder of a leasehold hereafter affecting the Land, to attorn, from time to time, to any such owner, mortgagee or holder, upon the terms and conditions set forth herein for the remainder of the Term of this Lease, provided that the holder or any owner of the Land or any mortgage shall have acknowledged and agreed that Tenant's rights under this Lease shall not be extinguished, limited or in any way affected to any foreclosure or other enforcement proceeding so long as Tenant is not in default under this Lease subject to applicable grace periods. The foregoing provisions shall inure to the benefit of any such owner, mortgagee or holder, shall apply to the tenancy of the Tenant and shall be self-operative upon any such demand, without requiring any further instrument to give effect to said provisions. The Tenant, however, upon demand of any such owner, mortgagee or holder, agrees to execute, from time to time, an instrument in confirmation of the foregoing provisions, satisfactory to such owner, mortgagee or holder, in which the Tenant shall acknowledge such attornment and shall set forth the terms and conditions of its tenancy, which shall be the same as those set forth herein and shall apply for the remainder of the Term of this Lease, provided that said owner, mortgagee or holder acknowledges Tenant's rights under this Article 19.B. Nothing contained in this subparagraph B. shall be construed to impair any right, privilege or option of any such owner, mortgagee or holder, except as aforesaid.

C. The Tenant agrees that in the event the interest of the Landlord becomes vested in the holder of any mortgagee or in any ground lessor, or in anyone claiming by, through or under either of them, then such holder shall not be:

(1) liable for any act or omission of any prior landlord (including the landlord herein); or

(2) subject to any offsets or defenses which the Tenant may have against any prior landlord (including the Landlord herein) except as otherwise permitted under Section 3C; or

(3) bound by any Rent which the Tenant may have paid for more than the current month to any landlord (including the Landlord herein).

D. No alteration or modification of any provision hereof, or any cancellation or surrender of this Lease shall be valid or binding as against any holder of any mortgage unless the same shall have been approved in writing by such holder, or unless specific provision therefor is set forth in this Lease.

E. The Tenant agrees that, upon the request of the Landlord, the Tenant will execute, acknowledge and deliver such document or instrument as may be reasonably requested by the holder of any such mortgage on the Landlord's interest in the Land and/or the building confirming or agreeing that this Lease is assigned to such mortgagee as collateral security for such mortgage and agreeing to abide by such assignment, provided that a copy of such assignment has in fact been delivered to the Tenant.

20. QUIET ENJOYMENT AND NON-DISTURBANCE. Tenant, upon paying the Rent herein reserved and performing and observing all of the other terms, covenants and conditions of this Lease on Tenant's part to be performed and observed, shall peaceably and quietly have, hold and enjoy the Premises during the Term, subject, nevertheless, to the terms of this Lease and to any mortgages, ground or underlying lease, agreements and encumbrances to which this Lease is or may be subordinate. However, as a condition to Tenant's obligation to subordinate this Lease to any such mortgage, ground or underlying lease, agreement or encumbrance entered into by Landlord after the date hereof, Landlord shall obtain a non-disturbance agreement in form reasonably acceptable to Tenant from the holder thereof.

21. NOTICES. Any notice, consent, approval, request or demand hereunder by either party to the other party shall be in writing and shall be deemed to have been duly given if sent by registered or certified mail with return receipt requested, postage prepaid, or by nationally recognized overnight receipted delivery service, addressed to the Landlord at the Landlord's address, and to the Tenant at the Tenant's address, 109 Morgan Lane, Plainsboro, NJ 08536, Fax No. 609-275-1082, Attn.: President and CEO with a required copy sent to Tenant at the same address, Attn.: Senior Vice President and General Counsel, or such other address and telephone and fax numbers as is provided to the Landlord in writing, or if the address of such other party for such notices, consents, approvals, requests or demands shall have been duly changed as hereinafter provided, if mailed, as aforesaid, to such other party at such changed address. Facsimile transmission may be used but shall not be a substitute for the aforementioned methods of delivery.

Either party may at any time change the address for such notices, consents, approvals, requests or demands by delivering or mailing, as aforesaid, to the other party a notice stating the change and setting forth the changed address. If the term "Tenant" as used in this Lease refers to more than one person, any notice, consent, approval, request or demand given as aforesaid to any one of such persons shall be deemed to have been duly given to the Tenant. All bills, statements and building communications from the Landlord to the Tenant may be served by ordinary mail or otherwise delivered to the Tenant at this address. For the purpose of hereof, the term "Building Communications" shall be deemed to be any notices not specifically referred to in this Lease which relate to the operation or maintenance of the Building, including amendments to the Rules and Regulations. The time of rendition of any bill, statement or Building Communication and of the giving of any other notice, consent, approval, request or demand shall be deemed to be the time when the same is received by the Tenant, at this address.

22. CONDITIONS OF LIMITATION. This Lease and the Term and the estate hereby granted are subject to the limitation that if prior to or during the Term of this Lease:

A. The Tenant shall make an assignment of its property for the benefit of creditors or shall file a voluntary petition under any bankruptcy or insolvency law, or an involuntary petition under any bankruptcy or insolvency law shall be filed against the Tenant and such involuntary petition is not dismissed within sixty (60) days after the filing thereof.

B. A petition is filed by or against the Tenant under the reorganization provisions of the United States Bankruptcy Code or under the provisions any law of like import, unless such petition under said reorganization provisions be one filed against the Tenant which is dismissed within sixty (60) days after its filing.

C. The Tenant shall file a petition under the arrangement provisions of the United States Bankruptcy Code or under the provisions of any law of like import.

D. A permanent receiver, trustee or liquidator shall be appointed for the Tenant or of or for the property of the Tenant, and such receiver, trustee or liquidator shall not have been discharged within sixty (60) days from the date of his appointment.

E. The Tenant shall default in the payment of any Rent payable hereunder by the Tenant to the Landlord on any date upon which the same becomes due, and such default shall continue for ten (10) days after the Landlord shall have given to the Tenant a written notice specifying such default, provided that Landlord shall only be required to give such default notice for the failure to pay rent twice in any one year of the Lease and four times, in the aggregate over the term of this Lease.

F. The Tenant shall default in the due keeping, observing or performance of any covenant, agreement, term, provision or condition of this Lease on the part of the Tenant to be kept, observed or performed, other than a default for the payment of Rent, as set forth in Article 21.E. and if such default shall continue and shall

not be remedied by the Tenant within thirty (30) days after the Landlord shall have given to the Tenant a written notice specifying the same, or, in the case of such a default which for causes beyond the Tenant's control cannot with due diligence be cured within said period of thirty (30) days, if the Tenant (1) shall not, promptly upon giving of such notice, advise the Landlord in writing of the Tenant's intention to duly institute all steps necessary to remedy such default, (2) shall not duly institute and thereafter diligently prosecute to completion all steps necessary to remedy the same, or (3) shall not remedy the same within a reasonable time after the date of the giving of said notice by the Landlord.

G. Any event shall occur or any contingency shall arise whereby this Lease or the estate hereby granted or the unexpired balance of the Term hereof would, by operation of law or otherwise, devolve upon or pass to any person, firm, association or corporation other than the Tenant except as expressly permitted under Article 1e hereof, or whenever the Tenant shall desert or abandon the Premises or the same shall become vacant (whether the keys be surrendered or not and whether the Rent be paid or not).

H. Any other lease held by the Tenant from the Landlord shall expire and terminate (whether or not the Term thereof shall then have commenced) as a result of the default by the Tenant thereunder;

Then, in any of said cases, the Landlord may give to the Tenant a notice of intention to end the Term of this Lease at the expiration of fifteen (15) days from the date of the giving of such notice, and, in the event such notice is given, this Lease and the Term and estate hereby granted (whether or not the Term shall theretofore have commenced) shall expire and terminate upon the expiration of said fifteen (15) days with the same effect as if that day were the date hereinbefore set for the expiration of the Term of this Lease, but the Tenant shall remain liable for damages as provided in Article 24 hereof.

23. RE-ENTRY BY LANDLORD.

A. If the Tenant shall default in the payment of any Rent payable hereunder by the Tenant to the Landlord on any date upon which the same becomes due, and if such default shall continue for thirty (30) days or if this Lease shall expire and terminate as in Article 22 provided, the Landlord, or the Landlord's agents and servants may immediately or at any time thereafter re-enter into or upon the Premises, or any part thereof, either by summary dispossess proceedings or by any suitable action or proceeding at law, or by force or otherwise, without being liable to indictment, prosecution or damages therefor, and may repossess the same, and may remove any persons therefrom, to the end that the Landlord may have, hold and enjoy the Premises again as and of its first estate and interest therein. The words "reenter", "re-entry" and "re-entered" as used in this Lease are not restricted to their technical legal meanings. In the event of the termination of this Lease under the provisions of Article 22, or in the event that the landlord shall re-enter the Premises under the provisions of this Article 23 or in the event of the termination of this Lease (or of re-entry) by or under any summary

dispossess or other proceeding or action or any provision of law, the Tenant shall thereupon pay to the Landlord the Rent payable hereunder by the Tenant to the Landlord up to the time of such termination of this Lease, or of such recovery of possession of the Premises by the Landlord, as the case may be, and shall also pay to the Landlord damages as provided in Article 24.

B. In the event of a breach or threatened breach on the part of the Tenant with respect to any of the covenants, agreements, terms, provisions or conditions on the part of or on behalf of the Tenant to be kept, observed or performed, the Landlord shall also have the right of injunction. The specified remedies to which the Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies or means of redress to which the Landlord may lawfully be entitled at any time, and the Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not herein provided for.

C. In the event of (1) the termination of this Lease under the provisions of Article 22 hereof, (2) the re-entry of the Premises by' the Landlord under the provisions of this Article 23, or (3) the termination of this Lease (or re-entry) by or under any summary dispossess or other proceeding or action or any provision of law by reason of default hereunder on the part of the Tenant, the Landlord shall be entitled to retain all moneys, if any, paid by the Tenant to the Landlord, whether as advance Rent or otherwise, but such moneys shall be credited by the Landlord against any Rent due from the Tenant at the time of such termination or re-entry or, at the Landlord's option, against any damages payable by the Tenant under Article 24 or pursuant to law.

24. DAMAGES.

A. In the event of any termination of this Lease under the provisions of Article 22 or in the event that the Landlord shall re-enter the Premises under the provisions of Article 23 or in the event of the termination of this Lease (or of re-entry) by or under any summary dispossess or other proceeding or action or any provision of law, the Tenant will pay to the Landlord as damages, at the election of the landlord, either:

(1) A sum which at the time of such termination of this Lease or at the time of any such re-entry by the Landlord, as the case may be, represents the excess, if any, of (i) the aggregate of all Rent which would have been payable hereunder by the Tenant had this Lease not so terminated for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the date hereinbefore set for the expiration of the full Term hereby granted (not including the Renewal Term, if it was not exercised), over (ii) the aggregate of all Rent of the Premises for the same period based upon the then local market rental value of the Premises; or

(2) Sums equal to the aggregate of all Rent which would have been payable by the Tenant had this Lease not so terminated, or had the Landlord not so re-entered the Premises, payable upon the due dates therefor specified herein following

such termination or such re-entry and until the date hereinbefore set for expiration of the full Term hereby granted; provided, however, that if the Landlord shall re-let all or any part of the Premises for all or any part of said period, the Landlord shall credit the Tenant with the net Rents received by the Landlord from such re-letting, such net Rents to be determined by first deducting from the gross Rents as and when received by the Landlord from such re-letting the reasonable expenses incurred or paid by the Landlord in terminating this Lease or of re-entering the Premises and of securing possession thereof, as well as the reasonable expenses of re-letting, including altering and preparing the Premises for new tenants, brokers' commissions and all other similar or dissimilar expenses properly chargeable against the Premises and the rental therefrom in connection with such re-letting, it being understood that any such re-letting may be for a period equal to or shorter or longer than the remaining Term of this Lease; provided, further, that (i) in no event shall the Tenant be entitled to receive any excess of such net Rents over the sums payable by the Tenant to the Landlord hereunder, (ii) in no event shall the Tenant be entitled in any suit for the collection of damages pursuant to this subsection (2) to a credit in respect of any net Rents from a re-letting except to the extent that such net Rents are actually received by the Landlord prior to the commencement of such suit, and (iii) if the Premises or any part thereof should be re-let in combination with other space, then proper apportionment on a square foot area basis shall be made of the Rent received from such re-letting and of the expenses of re-letting.

B. For the purposes of subparagraph A. of this Article 24, the amount of Additional Rent which would have been payable by the Tenant under Article 5 hereof for such lease year and/or tax year (as those terms are herein defined) ending after such termination of this Lease or such re-entry shall be deemed to be an amount equal to the amount of such Additional Rent payable by the Tenant for the lease year and/or tax year (as the case may be) ending immediately preceding such termination of this Lease or such reentry. Suit or suits for the recovery of such damages, or any installments thereof, may be brought by the Landlord from time to time at its election, and nothing contained herein shall be deemed to require the Landlord to postpone suit until the date when the Term of this Lease would have expired if it had not been terminated under the provisions of Article 22, or under any provision of law, or had the Landlord not re-entered the Premises.

C. Nothing herein contained shall be construed as limiting or precluding the recovery by the Landlord against the Tenant of any sums or damages to which, in addition to the damages particularly provided above, the Landlord may lawfully be entitled by reason of any default hereunder on the part of the Tenant.

D. Notwithstanding the foregoing, in the event Landlord re-enters the Premises and/or dispossesses Tenant under Articles 22 or 23, Landlord shall use its reasonable efforts to re-let the Premises.

25. LEASE CONTAINS ALL AGREEMENTS. This Lease contains all of the covenants, terms, provisions and conditions relating to the leasing of the Premises hereunder, and the Landlord has not made and is not making, and the Tenant, in

executing and delivering this Lease is not relying upon, any warranties, representations, promises, or statements, except to the extent that the same may expressly be set forth in this Lease.

26. NO WAIVERS.

A. No receipt of money by the Landlord from the Tenant with knowledge of the breach of any covenant or agreement of this Lease, or after the termination hereof, or after the service of any notice, or after the commencement of any suit, or after final judgment for possession of the demised Premises, shall be deemed a waiver of such breach, nor shall it reinstate, continue or extend the Term of this Lease or affect any such notice, demand or suit.

B. No delay on the part of the Landlord or the Tenant in exercising any right, power or privilege hereunder or to seek redress for violation of, or to insist upon strict performance of any covenant or condition of this Lease, or of any of the Rules and Regulations, shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

C. No act done or thing said by the Landlord or the Landlord's agents shall constitute a cancellation, termination or modification of, or eviction or surrender under, this Lease, or a waiver of any covenant, condition or provision hereof, nor relieve the Tenant of the Tenant's obligation to pay the Rent hereunder. Any acceptance of surrender, waiver or release by the Landlord and any cancellation, termination or modification of this Lease must be in writing signed by the Landlord by its duly authorized representative. The delivery of keys to any employee or agent of the Landlord shall not operate as a surrender or as a termination of this Lease, and no such employee or agent shall have any power to accept such keys prior to the termination of this Lease.

D. The Tenant hereby expressly waives service of any notice of the Landlord's intention to re-enter. The Tenant hereby further waives any and all rights to recover or regain possession of the demised Premises or to reinstate or to redeem the Lease as permitted or provided by or under any statute, law or decision now or hereafter in force and effect.

E. No failure by the Landlord to enforce any of the Rules and Regulations against the Tenant and/or any other tenant or occupancy of the Building shall be deemed a waiver thereof. No provision of this Lease shall be deemed waived by the Landlord unless such waiver be in writing signed by the Landlord.

F. No payment by the Tenant or receipt by the Landlord of a lesser amount than the Rent herein stipulated and reserved shall be deemed to be other than on account of the earliest stipulated Rent then due and payable, nor shall any endorsement or statement on any check, or letter accompanying any Rent check or payment be deemed an accord and satisfaction, and the Landlord may accept the same without prejudice to

the Landlord's right to recover any balance due or to pursue any other remedy in this Lease provided.

27. PARTIES BOUND. The covenants, agreements, terms, provisions and conditions of this Lease shall bind and benefit the respective successors, assigns and legal representatives of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Article 26 shall operate to vest any rights in any successor, assignee or legal representative of the Tenant and that the provisions of this Article 27 shall not be construed as modifying the conditions of limitation contained in Article 22 hereof. It is understood and agreed, however, that the covenants and obligations on the part of the
Landlord under this Lease shall not be binding upon the Landlord herein named with respect to any period subsequent to the transfer of its interest in the Building, that in the event of such transfer said covenants and obligations shall thereafter be binding upon each transferee of such interest of the Landlord herein named, but only with respect to the period ending with a subsequent transfer of such interest, and that a lease of the entire interest shall be deemed a transfer within the meaning of this Article 27.

28. CURING TENANT'S DEFAULTS. If the Tenant shall default in the performance of any covenant, agreement, term, provision or condition herein contained, the Landlord, without thereby waiving such default, may perform the same for the account and at the expense of the Tenant, without notice in case of an emergency and in any other case if such default continues after the expiration of the applicable grace period provided for in Article 22 of this Lease. Bills for any expense incurred by the Landlord in connection with any such performance by the Landlord for the account of the Tenant, and bills for all costs, expenses and disbursements of every kind and nature whatsoever, including, but not limited to, reasonable counsel fees, involved in collecting or endeavoring to collect the Rent or any part thereof or enforcing or endeavoring to enforce any rights against the Tenant, under or in connection with this Lease, or pursuant to law, including (without being limited to) any such cost, expense and disbursement involved in instituting and prosecuting summary proceedings, as well as bills for any property, material, labor or services provided, furnished or rendered, or caused to be provided, furnished or rendered, by the Landlord to the Tenant, including (without being limited to), electric lamps and other equipment, construction work done for the account of the Tenant, as well as for any charges for any additional building services incurred under the terms of this Lease and any charges for other similar or dissimilar services incurred under this Lease, may be sent by the Landlord to the Tenant monthly, or immediately, at the Landlord's option, and shall be due and payable in accordance with the terms of said bills, and if not paid when due, the amounts thereof shall immediately become due and payable as Additional Rent under this Lease.

29. MISCELLANEOUS.

A. The Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease at any time when the Tenant is in default in the performance or observance or any of the covenants, agreements, terms, provisions or

conditions on its part to be performed or observed beyond the applicable grace period provided in this Lease.

B. The laws of the State of New Jersey shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision hereof shall not affect or impair any other provision.

C. Whenever a neutral singular pronoun refers to the Tenant, same shall be deemed to refer to the Tenant if the Tenant be an individual, a corporation, a partnership or two or more individuals or corporations.

D. The term "Landlord" as used in this Lease shall mean the owner for the time being of the Building, and if such Building be sold or transferred, the seller or assignor shall be entirely relieved of all covenants and obligations under this Lease subsequent to such sale or transfer and it shall be deemed, without further agreement between the parties hereto and their successors, that the purchaser on such sale has assumed and agreed to carry out all covenants and obligations of the Landlord arising on and after such sale or transfer.

E. The words "herein", "hereof", "hereunder", "hereafter" and words of similar import refer to this Lease as a whole and not to any particular section or subdivision thereof.

F. Unless otherwise set forth herein, whenever the Landlord's consent or approval is required under this Lease, the Landlord agrees that such consent or approval shall not be unreasonably withheld or delayed at such times as the Tenant is not in default in the performance of any of its obligations under this Lease beyond the applicable grace period provided herein. This paragraph shall not apply to any provision in this Lease which expressly permits the Landlord to arbitrarily withhold its consent or approval.

G. Any brokers' or similar fees, commissions or expenses incurred in connection with this Lease shall be paid by the Landlord, and Tenant shall have no obligation or liability with respect thereto. Landlord and Tenant each represents and warrants to the other that such party has had no dealings, negotiations or consultations with respect to the Premises or this transaction with any broker or finder; and that except for Abner Levy, to whom Landlord shall be responsible for the payment of a commission or fee, if any, no broker or finder called the Premises to Tenant's attention for lease or took any part in any dealings, negotiations or consultations with respect to the Premises or this Lease

30. INABILITY TO PERFORM. This Lease and the obligations of the Tenant to pay Rent hereunder and perform all of the other covenants, agreements, terms, provisions and conditions hereunder on the part of the Tenant to be performed shall in no way be affected, impaired or excused because the Landlord is unable to fulfill any of its obligations under this Lease or is unable to supply or is delayed in supplying any service

expressly or impliedly to be supplied or is unable to make or is delayed in making any repairs, replacements, additions, alterations or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if the Landlord is prevented or delayed
from so doing by reason of strikes or labor troubles or any other similar or dissimilar cause whatsoever beyond the Landlord's control, including, but not limited to, governmental preemption in connection with a national emergency or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency, or by reason of any fire or other casualty or act of God.

31. ABANDONED PERSONAL PROPERTY. Any personal property (other than any fixture, equipment, improvement, installation or appurtenance of the character referred to in Article 9 hereof), which shall remain in the Premises or any part thereof after the expiration or termination of the Term shall be deemed to have been abandoned, and either may be retained by the Landlord as its property or may be disposed of in such manner as the Landlord may see fit; provided, however, that notwithstanding the foregoing, the Tenant will, upon request of the Landlord made not later than ten (10) days after the expiration or termination of the Term hereof, promptly remove from the Building any such personal property at the Tenant's own cost and expense. If such personal property or any part thereof shall be sold by the Landlord, the Landlord may receive and retain the proceeds of such sale as the Landlord's property.

32. ARTICLE HEADINGS. The Article headings of this Lease are for convenience only and are not to be considered in construing the same.

33. HOLDING OVER. If the Tenant fails to notify Landlord of its intention to extend the Term of the Lease in accordance with Article 2 hereof, within the specific time set forth therein, and retains possession of the demised Premises or any part thereof after the then Termination Date by lapse of time, failure to give timely notice to extend or otherwise, without prior written approval of the Landlord, the Tenant shall pay the Landlord the then Minimum Rent at the rate specified in Article 4 as increased by the full CPI, together with Additional Rent and other charges as provided herein, for the time the Tenant thus remains in possession, and, in addition thereto, shall pay the Landlord all damages, consequential as well as direct, sustained by reason of the Tenant's retention of possession. If the Tenant remains in possession of the demised Premises, or any part thereof, after the then Termination Date by lapse of time, failure to give timely notice to extend or otherwise, such holding over shall, at the election of the Landlord expressed in a written notice to the Tenant and not otherwise, constitute an extension of this Lease on a month to month basis at the Minimum Rent as increased by the full CPI payable by the Tenant on the first day of each and every month, together with Additional Rent and other charges as provided herein. The provisions of this Article 33 do not exclude the Landlord's rights of re-entry or any other right hereunder.

34. ARBITRATION.

A. The Landlord and the Tenant hereby agree that any dispute or claim in law or equity arising out of this Lease or any resulting transaction or as specifically set forth herein shall be decided by neutral, binding arbitration and not by court action, except as provided by New Jersey law for judicial review of arbitration proceedings. The arbitration shall be conducted in accordance with the rules of either the American Arbitration Association (**"AAA"**). However, the parties hereto may agree in writing signed by the parties hereto to use an alternative dispute resolution mechanism or different rules and/or arbitrator(s).

B. The following matters are excluded from arbitration hereunder: (i) any matter which is within the jurisdiction of a probate or small claims court, and (ii) an action for bodily injury or wrongful death.

35. NO PERSONAL LIABILITY.

A. Notwithstanding anything contained herein to the contrary, Tenant agrees that the Landlord shall have no personal liability with respect to any of the provisions of this Lease and Tenant shall look solely at the estate and property of Landlord in the Premises for the satisfaction of Tenant's remedies, including, without limitation, the collection of any judgment or the enforcement of any other judicial process requiring the payment or expenditure of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms and provisions of this Lease to be observed and/or performed by Landlord, subject, however, to the prior rights of any holder of any mortgage, deed of trust, deed or other security interest covering all or part of the Premises and no other assets of Landlord or any principal, partner, shareholder or member of Landlord, as the case may be, including its attorney's and other agents, shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claims, and in the event Tenant obtains a judgment against the Landlord, the judgment docket shall be so noted. This Article shall inure to the benefit of Landlord's successors and assigns and their respective principals and agents.

B. No recourse shall be had for an obligation of Tenant hereunder, or for any claim based thereon or otherwise in respect thereof, against any past, present or future shareholder, officer, director or employee of Tenant.

36. REPRESENTATIONS AND ENTIRE AGREEMENT. It is understood and agreed by Tenant that Landlord and Landlord's agents have made no representations or promises with respect to the Premises or the making or entry into this Lease, except as this Lease expressly sets forth and that no claim or liability, or cause for termination, shall be asserted by Tenant against Landlord for, and Landlord shall not be liable by reason of breach of any representations or promises not expressly stated in this Lease. This Lease and Exhibits hereto constitute the sole and exclusive agreement between the parties with respect to the Premises.

37. NO RECORDING OF THIS LEASE. Neither this Lease, nor any affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting though or under or on behalf of Tenant.

38. ATTORNEY'S FEES. The prevailing party in any legal proceeding brought against the other with respect to this Lease or any transaction related thereto shall in addition to all other recoveries permitted hereunder, shall be entitled to recover court costs, reasonable attorney fees, and all other out-of-pocket costs of litigation, including deposition, travel and witness costs, from the nonprevailing party.

39. COUNTERPARTS. This Lease may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which taken together shall constitute one agreement binding on all parties hereto, notwithstanding that the parties shall not have signed the same counterpart.

40. SIGNS. Tenant shall have the right to install, at its cost and expense, any signs in the interior of the Premises. Tenant shall not install any exterior sign (which shall be at its own expense) without obtaining Landlord's written consent, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Landlord's prior consent shall not be required in order for Tenant to install exterior signs that are substantially the same as those at 311, 313 or 315 Enterprise Drive. All signage shall be in accordance with all local rules, regulations and ordinances governing signage.

41. CONDITION OF SPACE: APPROVALS. Tenant is taking the Initial Space in "as is" condition, and Landlord shall prepare the Remaining Space for Tenant in accordance with the requirements of Sections 44-46. In all cases, Tenant shall have the right to approve final plans and specifications for work to be performed pursuant to Sections 44-46, and all work to be performed shall comply with applicable building codes.

42. MECHANICAL SYSTEMS. As the landlord, Landlord will be responsible for maintaining all mechanical systems in good working order.

43. ADDITIONAL PROVISIONS.

A. Notwithstanding the provisions of Section 9 or anything contained herein or elsewhere in the Lease to the contrary, the Tenant shall not be responsible (i) to pay for any capital improvements to the Building, and such capital improvements shall not be deemed Additional Rent, and (ii) to pay for or to otherwise maintain, repair, or replace the load bearing walls, the steel, foundation, or the roof of the Building and the Premises (hereinafter referred to as the "Structural Elements"), or (iii) to pay for, replace or otherwise maintain the sanitary system(s), the electrical system(s), the HVAC systems, and/or any other similar systems serving, located in, or passing through the Building or the Premises (hereinafter referred to as the "Building Systems"), all of which shall be the Landlord's responsibility, at the Landlord's sole cost and expense.

B. Notwithstanding anything contained herein or in the Lease to the contrary, in all instances where Tenant is required to indemnify, defend, and hold Landlord harmless, Landlord agrees to give prompt notice to the Tenant of the assertion of any claim, or the commencement of any suit, action, or proceeding by any party, in respect of which indemnity may be sought by Landlord hereunder specifying with reasonable particularity the basis therefor, and providing the Tenant with any information with respect thereto that the Tenant may reasonably request. The Tenant may, at its own cost and expense, (i) participate in, and, (ii) assume the defense thereof, provided, however, that the Tenant's counsel is reasonably satisfactory to the Landlord, and the Tenant shall thereafter consult with the Landlord upon the Landlord's reasonable request for such consultation from time to time with respect to such claim, suit, action, or proceeding. If the Tenant assumes such defense, the Landlord shall have the right (but not the obligation) to participate in the defense thereof and to employ counsel, at its own cost and expense, separate form the counsel employed by the Tenant. Whether or not the Landlord chooses to defend or prosecute any such claim, suit, action or proceeding, the Landlord and the Tenant shall cooperate in the defense or prosecution thereof. Any settlement or compromise made or caused to be made by the Tenant or the Landlord of any such claim, suit, action, or proceeding shall also be binding upon the Tenant or the Landlord, as the case may be, in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of such settlement or comprise, provided, however, that no party shall settle or compromise any such claim, suit, action, or proceeding without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. In the event Tenant does not elect to assume the defense of any claim, suit, action, or proceeding within a reasonable time of being notified by Landlord, then such failure shall not relieve the Tenant or Landlord or their respective obligations hereunder.

44. BUILDING PREPARATION AND IMPROVEMENTS. With respect to the Remaining Space, Landlord shall at its own cost and expense, be responsible for completing the following items on or before April 1, 2009: (i) demolition of the existing interior space, floor to ceiling, used by the prior tenant and preparation of the interior space, clear of debris and without any interior walls, except the walls around the sprinkler room, (ii) removal of the raised flooring and all wiring/plumbing beneath such flooring, (iii) removal of the communications and power trough hung from the structural steel and all electrical equipment and wiring used by the prior tenant, (iv) removal of blackout panels on existing windows, with all window space useable , (v) removal of unnecessary structural steel columns that were unique to the prior tenant's needs and which are located at the front of the building and cross over a large portion of the windows, if removal can be accomplished without jeopardizing the structural integrity of the Building, (vi) removal of all Glycol piping installed by the prior tenant and removal of all Glycol chillers from the roof, and removal of piv valve, (vii) removal of circuit breaker boxes at rear of building, (viii) providing near the back of the Building, but not against the dividing wall between the Initial Space and the Remaining Space, an ample sized electrical room satisfactory to Tenant with ample power and panels to service the Building, (vii) providing rough functional plumbing to outfit a kitchen appropriate for 175 employees in accordance with applicable building and fire codes, rough functional plumbing for sinks and toilets for bathroom facilities appropriate for 175 employees in accordance with applicable building and fire codes (i.e., at least three mens' and three womens' bathrooms,

but in no event less toilets and sinks than required by applicable building codes), and rough functional plumbing for a closet with slop sink, all in locations acceptable to Tenant, (ix) providing exterior doors that are operational and keyed alike and overhead doors that are in working condition, and (x) providing HVAC and duct work to handle an average load of the size office space of the Building in accordance with Section 12A, and all existing HVAC shall be inspected and brought into working order with appropriate duct work to facilitate occupancy. Notwithstanding anything contained herein to the contrary, Tenant shall pay to Landlord the difference between the cost of required HVAC and the additional capacity Tenant requires for any laboratory installation. In all cases, the Building and all work performed at the Remaining Space pursuant to this Section 44 must be in compliance with applicable building codes and be of the same or better quality of materials and workmanship as the buildings at 313-315 Enterprise Drive have.

45. PARKING IMPROVEMENTS. Landlord shall, at its own cost and expense, on or before April 1, 2009, increase the number of parking spaces for the Building to 175 spaces. Parking spaces in the back of the building shall include spaces next to the Building as well as in the middle. All concrete pads behind the Building shall be removed (except the one for a generator) and the balusters in the middle of the back parking lot. Visitor spaces in front of the Building shall be provided near the main entrance. Tenant shall have the right to approve the final site plan and specifications for the 175 parking spaces in advance of commencement of work. Parking shall comply with applicable building codes.

46. LANDSCAPING, WALKWAYS, EXTERIOR LIGHTING AND CERTAIN REPAIRS. Landlord at its own cost and expense shall (i) on or before April 1, 2009 upgrade the existing landscaping by trimming and maintaining the trees and bushes, ensuring none encroach over the walkways, plant flowers, and repair bare patches in the grass, all in a manner similar to the landscaping at 311 Enterprise Drive, (ii) on or before April 1, 2009 install a concrete walkway satisfactory to Tenant to provide a walking route from 311 Enterprise Drive to the Building, (iii) provide adequate exterior lighting in the parking lots and along the walkways, satisfactory to Tenant, and (iv) on or before April 1, 2009 inspect and repair, as needed, all concrete walkways, curbs, and stairs for cracks or damage.

47. ROOFTOP ANTENNA LICENSE. On or before May 15, 2008, Landlord shall have received an assignment from Prior Landlord of Prior Landlord's interest as licensor under The Rooftop Antenna License dated October 17, 2006 between the Prior Landlord and Tenant (attached as Exhibit C to the Prior Lease and Exhibit B to this Lease). Such license shall continue in effect with the Landlord substituting for the Prior Landlord as the licensor and the terms and conditions described therein shall apply to this Lease and are deemed incorporated herein by reference.

48. FIBER OPTIC LINES. The fiber optic lines previously installed by Tenant shall be maintained by Tenant and shall not become the property of Landlord until termination of this Lease.

49. REIMBURSEMENT ALLOWANCE. Landlord shall reimburse Tenant up to a maximum of $250,000 in the aggregate for costs and expenses incurred by Tenant in finishing the interior space and making other improvements, upgrades, and modifications for the kitchen, bathrooms, and closet with slop sink described in Section 44 in the Remaining Space. These items may include, but are not limited to, toilets, sinks, counters, cabinets, flooring, tiles, lighting, mirrors, faucets, drywall, ceilings, doors, and handles. Landlord shall reimburse Tenant within 30 days of receipt of supporting documentation for the costs and expenses.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed or caused to be executed, these presents, as of the date first hereinabove set forth.

109 MORGAN LANE, LLC
as Landlord

By: /s/ Arthur Rudner
Arthur Rudner

INTEGRA LIFESCIENCES CORPORATION
as Tenant

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

Exhibit A

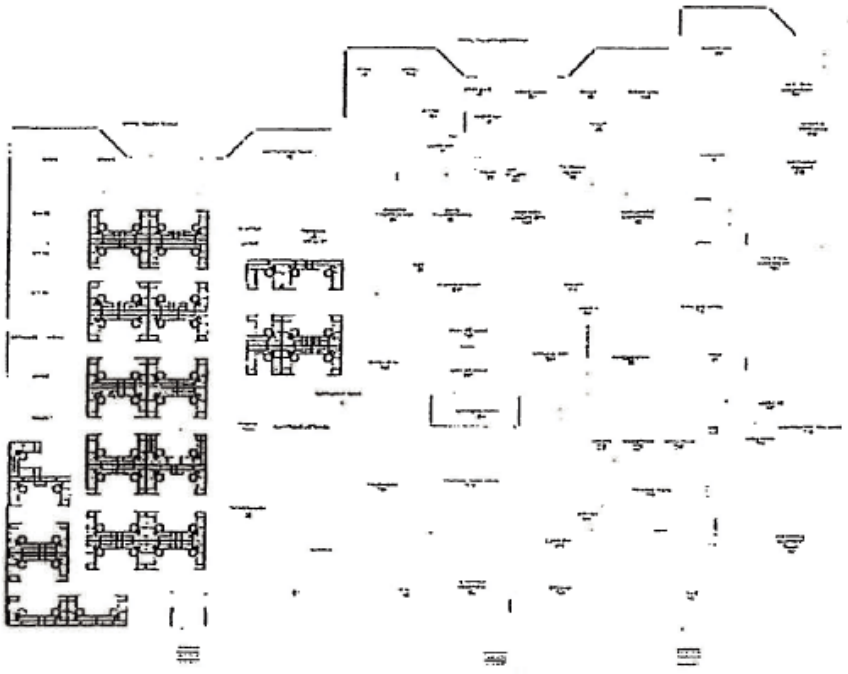

Exhibit B

ROOFTOP ANTENNA LICENSE

This ROOFTOP ANTENNA LICENSE ("License") is made and given this 17th day of October 2006, by PROVESTCO, INC., a Delaware corporation ("Licensor"), and INTEGRA LIFESCIENCES CORPORATION, a Delaware corporation ("Licensee").

W I T N E S S E T H:

WHEREAS, by a Lease (the "Lease") dated the 17th day of October 2006, by and between Licensor and Licensee, Licensor leased to Licensee certain premises containing 26,750 square feet of office space (the "Premises") located in a certain Building ("Building") located at 109 Morgan Lane, Plainsboro, New Jersey, which Premises are more particularly described in the Lease; and

WHEREAS, Licensee desires to install one (1) antenna on the roof of the Building for use in connection with its business in the Premises.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the parties hereto agree as follows:

1. Licensor hereby grants to Licensee a license to install, maintain and use a portion of the roof of the Building for the purposes of installing one (1) rooftop antenna dish pursuant to the specifications set forth on Exhibit "A" attached hereto and incorporated herein by reference ("Antenna") to be used in connection with Licensee's business at the Premises. Licensee shall be solely liable for the acquisition, installation, maintenance and operation costs of such Antenna, and shall hold Licensor harmless from all costs and expenses in connection therewith. The license granted herein by Licensor is not exclusive, and may be revoked by Licensor for cause at any time, provided thirty (30) days prior written notice is given to Licensee. Prior to the expiration of the said thirty (30) day period, Licensee shall remove the Antenna and related equipment as provided hereinafter, and Licensee's failure to so remove the Antenna shall entitle Licensor to remove and dispose of the Antenna and related cabling and equipment at Licensee's sole cost.
2. The Antenna shall be installed as provided in the specifications. Any rooftop penetrations must be performed in a good and workmanlike manner by duly licensed contractors approved or designated by Licensor, and Licensee shall be liable for any damage to the roof or other portions of the Building caused by such installation, maintenance or removal.
3. The Antenna shall be located on the portion of the roof of the Building as specified in Exhibit "B" attached hereto, or as otherwise mutually agreed by the parties from time to time (the "Licensed Area"). In addition, Licensee may run cables from the Antenna located in the Licensed Area to the Premises at Licensee's sole cost, provided Licensor consents to the wiring in advance, and further provided that such wiring and installation of the Antenna shall comply fully with all federal, state and local laws, rules, regulations, directives, codes and ordinances.

4. The Antenna, related cabling and equipment (collectively, "Equipment") shall remain the personal property of Licensee, and shall not be deemed a fixture. Licensor shall not be liable in any manner to Licensee for any damage sustained by the Equipment, no matter what the cause, and Licensee agrees to keep the said Equipment adequately insured at Licensee's sole risk. Licensee shall remove the Equipment upon the termination of the license granted herein, or upon the termination or earlier expiration of the Lease, and shall restore the Building, Licensed Area, and Premises to their prior condition, ordinary wear and tear excepted. Licensee further agrees to locate, operate and maintain the Antenna so as not to cause any interference with the reception, transmission or other operation of other antennae, electrical or electronic equipment in the Building or of other occupants of the Building, surrounding property owners, governmental entities or public utilities.

5. Licensor shall grant Licensee reasonable access to the Licensed Area during the term of this License in order for Licensee to install, maintain and remove the Equipment. Licensee, during the term of this License, and Licensee's contractors during any installation, maintenance and removal of the Equipment, shall obtain and maintain in full force and effect, comprehensive liability insurance in a minimum amount of One Million and No/100 Dollars ($1,000,000.00) combined single limit, which insurance shall be issued by an insurer reasonably acceptable to Licensor, shall name Licensor as an additional insured, shall require the insurer to notify Licensor at least thirty (30) days prior to any change, non-renewal or cancellation of such insurance, and shall waive the insurer's rights to subrogation. Licensee shall provide certificates of such insurance required herein to Licensor upon request. Licensee shall indemnify, defend and hold Licensor harmless from and against all losses, damages, injuries, violations, fines, claims, costs and expenses, including attorney's fees, arising out of or in connection with the License, the Equipment or Licensee's use of the Licensed Area. The insurance required herein may be provided in the form of an endorsement to the insurance policy(ies) required in the Lease.

IN WITNESS WHEREOF, Licensor has set its hand, and caused this License to be executed by its authorized officer, on the date first set forth above.

LICENSOR:

Provestco, Inc.

/s/ Harry H. Hallowell

By: Harry H. Hallowell
Its: Senior Vice President and Treasurer

LICENSEE:

Integra LifeSciences Corporation

/s/ Donald R. Nociolo

By: Donald R. Nociolo
Its: Senior Vice President, Operations

Sworn to and subscribed
before me this
11th day of October, 2006

/s/ Dianne Miller

Commission Expires 03/22/2007

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Stuart M. Essig, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integra LifeSciences Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13 a-15(e): and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2008

/s/ Stuart M. Essig
Stuart M. Essig
President and Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John B. Henneman, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integra LifeSciences Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13 a-15(e): and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2008

/s/ John B. Henneman, III

John B. Henneman, III
Executive Vice President,
Finance and Administration, and
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes—Oxley Act of 2002

I, Stuart M. Essig, Chief Executive Officer and Director of Integra LifeSciences Holdings Corporation (the "Company"), hereby certify that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2008 (the "Report") fully complies with the requirement of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2008

/s/ Stuart M. Essig
Stuart M. Essig
President and Chief Executive Officer

Exhibit 32.2

Certification of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes—Oxley Act of 2002

I, John B. Henneman, III, Executive Vice President Finance and Administration and Chief Financial Officer of Integra LifeSciences Holdings Corporation (the "Company"), hereby certify that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2008 (the "Report") fully complies with the requirement of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2008

/s/ John B. Henneman, III

John B. Henneman, III
Executive Vice President,
Finance and Administration, and
Chief Financial Officer