UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 28, 2016

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	0-26224	51-0317849
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

311 Enterprise Drive
Plainsboro, NJ 08536
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (609) 275-0500

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 28, 2016, Integra LifeSciences Holdings Corporation (the “Company”) issued a press release announcing financial results for the quarter ended June 30, 2016 (the “Press Release”). A copy of the Press Release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item. In the financial statements portion of the Press Release, the Company has included a reconciliation of GAAP revenues to organic revenues for the quarters ended June 30, 2016 and 2015, GAAP net income to adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the quarters ended June 30, 2016 and 2015, GAAP net income to adjusted net income for the quarters ended June 30, 2016 and 2015, GAAP diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding for the quarters ended June 30, 2016 and 2015, GAAP earnings per diluted share to adjusted earnings per diluted share for the quarters ended June 30, 2016 and 2015, and GAAP operating cash flow to free cash flow and adjusted free cash flow conversion used by management for the quarters ended June 30, 2016 and 2015 as well as GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share used by management for guidance for the year ending December 31, 2016. In addition, the Company included a supplemental disclosure of revenue by reporting segments in the financial statements portion of the Press Release.

The information contained in Item 2.02 of this Current Report on Form 8-K (including the Press Release and selected historical financial information) is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information contained in Item 2.02 of this Current Report on Form 8-K (including the Press Release and selected historical financial information) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow, and adjusted free cash flow conversion. Organic revenues consist of total revenues excluding the effects of currency exchange rates, acquired revenues, and product discontinuances. The various measures of adjusted EBITDA consist of GAAP net income, excluding: (i) depreciation and amortization, (ii) other income (expense), (iii) interest income and expense, (iv) income taxes, (v) and those operating expenses also excluded from adjusted net income. The measure of adjusted net income consists of GAAP net income, excluding: (i) global enterprise resource planning (“ERP”) implementation charges; (ii) structural optimization charges; (iii) certain employee severance charges; (iv) acquisition-related charges; (v) convertible debt non-cash interest; (vi) intangible asset amortization expense; and (vii) income tax impact from adjustments and other items. The measure of adjusted diluted weighted average shares outstanding is calculated by adding the economic benefit of the convertible note hedge transactions relating to Integra’s 2016 convertible notes. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by adjusted diluted weighted average shares outstanding. The measure of free cash flow consists of GAAP net cash provided by operating activities less purchases of property and equipment. The measure of adjusted free cash flow consists of free cash flow adjusted for certain one-time unusual items. The adjusted free cash flow conversion measure is calculated by dividing free cash flow by adjusted net income.

The Company believes that the presentation of organic revenues and the various adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion measures provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. Management uses non-GAAP financial measures in the form of organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion when evaluating operating performance because we believe that the inclusion or exclusion of the items described below, for which the amounts and/or timing may vary significantly depending upon the Company's acquisition, integration, and restructuring activities, for which the amounts are non-cash in nature, or for which the amounts are not expected to recur at the same magnitude, provides a supplemental measure of our operating results that facilitates comparability of our financial condition and operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and the valuation of our Company.

Organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion are significant measures used by management for purposes of:

- supplementing the financial results and forecasts reported to the Company's board of directors;
- evaluating, managing and benchmarking the operating performance of the Company;
- establishing internal operating budgets;
- determining compensation under bonus or other incentive programs;
- enhancing comparability from period to period;
- comparing performance with internal forecasts and targeted business models; and
- evaluating and valuing potential acquisition candidates.

The measure of organic revenues that we report reflects the increase in total revenues for the quarter ended June 30, 2016 adjusted for the effects of currency exchange rates, acquired revenues, and product discontinuations on current period revenues. We provide this measure because changes in foreign currency exchange rates can distort our revenue reduction favorably or unfavorably, depending upon the strength of the U.S. dollar in relation to the various foreign currencies in which we generate revenues. We generate significant revenues outside the United States in multiple foreign currencies including euros, British pounds, Swiss francs and Australian and Canadian dollars. We believe this measure provides useful information to determine the success of our international selling organizations in increasing sales of products in their local currencies without regard to fluctuations in currency exchanges rates, for which we do not control. Additionally, significant acquisitions and discontinued product lines can distort our current period revenues when compared to prior periods.

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

- Global ERP implementation charges. Global ERP implementation charges consist of the non-capitalizable portion of internal labor and outside consulting costs related to the implementation of a global ERP system. We have inherited many diverse business processes and different information systems through our numerous acquisitions. Accordingly, we are undertaking this initiative in order to standardize business processes globally and to better integrate all of our existing and acquired operations using one information system. Although recurring in nature given the expected timeframe to complete the implementation for our existing operations and our expectation to continue to acquire new businesses and operations, management excludes these charges when evaluating the operating performance of the Company because the frequency and amount of such charges vary significantly based on the timing and magnitude of the Company's implementation activities.

- Structural optimization charges. These charges, which include employee severance and other costs associated with exit or disposal of facilities, costs related to acquisition integration, costs related to transferring manufacturing and/or distribution activities to different locations, and rationalization or enhancement of our organization, existing manufacturing, distribution, administrative, functional and commercial infrastructure. Some of these cost-saving and efficiency-driven activities are identified as opportunities in connection with acquisitions that provide the Company with additional capacity or economies of scale. Although recurring in nature given management's ongoing review of the efficiency of our organization and structure, including manufacturing, distribution and administrative facilities and operations, management excludes these items when evaluating the operating performance of the Company because the frequency and amount of such charges vary significantly based on the timing and magnitude of the Company's rationalization activities and are, in some cases, dependent upon opportunities identified in acquisitions, which also vary in frequency and magnitude.

- Certain employee severance charges. Certain employee severance and related charges consist of charges related to senior management level terminations and certain significant reductions in force that are not initiated in connection with restructuring. Management excludes these items when evaluating the Company's operating performance because these amounts do not affect our core operations and because of the infrequent and/or large scale nature of these activities.

- Acquisition-related charges. Acquisition-related charges include (i) up-front fees and milestone payments that are expensed as incurred in connection with acquiring licenses or rights to technology for which no product has been approved for sale by regulatory authorities and such approval is not reasonably assured at the time such up-front fees or milestone payments are made, (ii) inventory fair value purchase accounting adjustments, (iii) changes in the fair value of contingent consideration after the acquisition date, and (iv) legal, accounting and other outside consultants expenses directly related to acquisitions or divestitures. Inventory fair value purchase accounting adjustments consist of the increase to cost of goods sold that occur as a result of expensing the “step up” in the fair value of inventory that we purchased in connection with acquisitions as that inventory is sold during the financial period. Although recurring given the ongoing character of our development and acquisition programs, these acquisition, divestiture and in-licensing related charges are not factored into the evaluation of our performance by management after completion of development programs or acquisitions because they are of a temporary nature, they are not related to our core operating performance and the frequency and amount of such charges vary significantly based on the timing and magnitude of our development, acquisition and divestiture transactions as well as the level of inventory on hand at the time of acquisition.

- Intangible asset amortization expense. Management excludes this item when evaluating the Company's operating performance because it is a non-cash expense.

- Convertible debt non-cash interest. The convertible debt accounting requires separate accounting for the liability and equity components of the Company's convertible debt instruments, which may be settled in cash upon conversion, in a manner that reflects an applicable non-convertible debt borrowing rate at the time that we issued such convertible debt instruments. Management excludes this item when evaluating the Company's operating performance because of the non-cash nature of the expense.

- Income tax impact from adjustments and other items. Estimated impact on income tax expense related to the following:

(i) Adjustments to income tax expense for the amount of additional tax expense that the Company estimates that it would record if it used non-GAAP results instead of GAAP results in the calculation of its tax provision, based on the statutory rate applicable to jurisdictions in which the above non-GAAP adjustments relate.

(ii) When we calculate the adjusted tax rate, we include a full year estimate for all discrete items. We then apply that full year rate to the year-to-date results and calculate the current quarter’s rate to arrive at the year-to-date adjusted tax rate. We believe this removes significant variability in our results and creates a more operationally consistent result for our investors to use for comparability purposes. Specifically, the adoption of the FASB Update No. 2016-09 accounting standard has the effect of generating a significant tax expense benefit in the first and second quarters of 2016. For the adjusted tax rate, we are treating this as a rate item, which is consistent with how other discrete tax expense items are handled in our current adjusted tax expense measure.

Weighted average shares used to calculate GAAP diluted EPS includes the convertible notes and warrant transactions because they are dilutive. The measure of adjusted diluted weighted average shares outstanding used to calculate adjusted diluted EPS includes the effect of the convertible notes hedge transactions, which is anti-dilutive. Integra believes the non-GAAP measure is useful for understanding the economic benefit of the convertible notes hedge transactions.

Organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the revenues, costs or benefits associated with the operations of the Company's business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of the Company's results as reported under GAAP. The Company expects to continue to acquire businesses and product lines and to incur expenses of a nature similar to many of the non-GAAP adjustments described above, and exclusion of these items from its adjusted financial measures should not be construed as an inference that all of these revenue adjustments or costs are unusual, infrequent or non-recurring. Some of the limitations in relying on the adjusted financial measures are:

- The Company periodically acquires other companies or businesses, and we expect to continue to incur acquisition-related expenses and charges in the future. These costs can directly impact the amount of the Company's available funds or could include costs for aborted deals which may be significant and reduce GAAP net income.
- The Company has initiated a long term effort to implement a global ERP system, and we expect to continue to incur significant systems implementation charges until that effort is completed. These costs can directly impact the amount of the Company's available funds and reduce GAAP net income.
- All of the adjustments to GAAP net income have been tax affected at the Company's actual tax rates. Depending on the nature of the adjustments and the tax treatment of the underlying items, the effective tax rate related to adjusted net income could differ significantly from the effective tax rate related to GAAP net income.

In the financial tables portion of the Press Release, the Company has included a reconciliation of GAAP reported revenues to organic revenues for the quarters ended June 30, 2016 and 2015 and GAAP net income to adjusted EBITDA, GAAP net income to adjusted net income, GAAP diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding, GAAP earnings per diluted share to adjusted earnings per diluted share, and GAAP operating cash flow to free cash flow and adjusted free cash flow conversion used by management for the quarters ended June 30, 2016 and 2015. Also included are reconciliations for future periods.

ITEM 7.01 REGULATION FD DISCLOSURE

Attached as Exhibit 99.1, and incorporated into this Item 7.01 by reference, is the Press Release issued on July 28, 2016 by the Company.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1	Press release with attachments, dated July 28, 2016, issued by Integra LifeSciences Holdings Corporation

SIGNATURES

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

		INTEGRA LIFESCIENCES HOLDINGS CORPORATION
Date: July 28, 2016	By:	/s/ Glenn G. Coleman
		Glenn G. Coleman
	Title:	Corporate Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release with attachments, dated July 28, 2016, issued by Integra LifeSciences Holdings Corporation

News Release

Contact:

Investor Relations:
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Integra LifeSciences Reports Second Quarter 2016 Financial Results

Revenue Increased 17.2% *to* $249.3 million*; Organic Revenue Increased 10.7%*

Reported EPS of $0.32*; Adjusted EPS of* $0.79

Plainsboro, New Jersey / July 28, 2016 / -- Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the second quarter ending June 30, 2016.

Highlights:

- Second quarter revenue increased 17.2% over the prior-year quarter to $249.3 million and organic revenue increased 10.7%;
- GAAP gross margin was 64.1% and adjusted gross margin was 69.2%;
- GAAP net income increased 6.1% to $12.8 million and adjusted net income increased 21.3% to $30.3 million;
- Commercial release of Integra(R) Omnigraft(TM) Dermal Regeneration Matrix began;
- Integra Fin-Lock(TM) Glenoid for the Titan(TM) Modular Shoulder System launched; and
- Raising 2016 full-year sales guidance range to $992 million to $1.002 billion; Raising organic sales guidance to 9%.

Total revenues for the second quarter were $249.3 million, reflecting an increase of $36.6 million, or 17.2%, over the second quarter of 2015. This reflects strong performance in both business segments; Orthopedics and Tissue Technologies revenue increased 38.2% and Specialty Surgical Solutions revenue increased 7.8%.

Excluding the contribution of revenues from acquisitions, discontinued products and the effect of currency exchange rates, revenues increased 10.7% over the second quarter of 2015.

"Solid performance from our two segments, as well as strength in both U.S. and international sales, contributed to the results for the second quarter," said Peter Arduini, Integra's President and Chief Executive Officer. "We are accelerating growth as we continue to execute on our clinical and commercial strategy with the launch of several new products, including Omnigraft for the treatment of diabetic foot ulcers."

The Company reported GAAP net income of $12.8 million, or $0.32 per diluted share, for the second quarter of 2016 compared to GAAP net income of $12.0 million, or $0.35 per diluted share, for the second quarter of 2015. Results for the second quarter of 2016 include the addition of 3.8 million shares issued in an equity offering in August 2015 and approximately 1.6 million diluted shares associated with the December 2016 convertible notes and warrants.

Adjusted measures discussed below are computed with the adjustments to GAAP reporting set forth in the attached reconciliation.

Adjusted net income for the second quarter of 2016 was $30.3 million, or $0.79 per share, compared to adjusted net income of $24.9 million, or $0.75 per share, in the second quarter of 2015.

Adjusted EBITDA for the second quarter of 2016 was $54.6 million, or 21.9% of revenue, compared to $47.7 million, or 22.4% of revenue, in the prior year's second quarter.

Operating cash flow for the second quarter was $38.1 million. Adjusted free cash flow conversion for the trailing twelve months ended June 30, 2016 was 59.8% versus 80.6% in the prior-year trailing twelve-month period.

The Company elected to adopt accounting standard FASB Update No. 2016-09 in the second quarter of 2016. Excluding the benefit of this adoption, the Company's second quarter GAAP earnings per share would have been $0.30, and adjusted earnings per share would have been $0.78. The adoption of this standard allows the Company to recognize increased tax benefits, which were previously recorded in shareholders' equity, through the income statement when employees exercise options or when shares vest. The adoption of this standard is reflected in our results as if it had occurred at the beginning of the year. The early adoption of this accounting standard decreased our tax expense in the second quarter of 2016 and had a GAAP net impact of $0.07 per share on a year-to-date basis. This impact was a $0.03 benefit to adjusted earnings per share on a six-month basis, since we treat the discrete benefit as a rate item in our adjusted tax rate. We expect that the full-year benefit to both our GAAP and adjusted results will be about $0.07 per share, although the GAAP benefit has been recognized during the first six months of the year, and the adjusted benefit will be recognized as a $0.03 benefit in the first half and approximately $0.04 in the second half of 2016. The Company is providing a supplemental schedule on the website to show first quarter results as if the new standard had been adopted. Access to that supplemental information is available at investor.integralife.com.

Outlook for 2016

Based on the second quarter's results, the Company is raising its full-year 2016 revenue guidance to a new range of $992 million to $1.002 billion, up from prior guidance of $985 million to $1.0 billion. The Company is raising its full-year 2016 organic revenue growth to 9% from its previous guidance of approximately 8%. The Company is also raising its full-year GAAP and adjusted earnings per share guidance by $0.04 per diluted share and narrowing our guidance range to a new range of $1.78 - $1.88 and $3.43 - $3.53, respectively. This change reflects the impact from the adoption of the new accounting change, the expected additional share dilution on the 2016 convertible notes and warrants, and a slight outperformance in the second quarter results.

"In the second quarter, we continued to see positive momentum across our product portfolio, which allowed us to continue to make investments in our clinical pipeline and commercial infrastructure," said Glenn Coleman, Integra's Chief Financial Officer. "We continue to expect margin expansion as we move through the back half of the year and are well-positioned to meet our full-year financial and strategic objectives."

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

Conference Call and Presentation Available Online

Integra has scheduled a conference call for 8:30 AM ET today, Thursday, July 28, 2016, to discuss financial results for the second quarter and forward-looking financial guidance. The conference call will be hosted by Integra's senior management team and will be open to all listeners. Additional forward-looking information may be discussed in a question and answer session following the call.

Integra's management team will reference a presentation during the conference call, which can be found on the Investor section of the website at investor.integralife.com.

Access to the live call is available by dialing (800) 723-6575 and using the passcode 9184124. The call can also be accessed through a webcast via a link provided on the Investor Relations homepage of Integra's website at investor.integralife.com. Access to the replay is available through August 2, 2016 by dialing (719) 457-0820 and using the passcode 9184124. The webcast will also be archived on the website.

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Integra LifeSciences, a world leader in medical technology, is dedicated to limiting uncertainty for clinicians, so they can concentrate on providing the best patient care. Integra offers innovative solutions, including leading plastic and regenerative technologies, in specialty surgical solutions and orthopedics and tissue technologies. For more information, please visit www.integralife.com

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and reflects the Company's judgment as of the date of this release. Forward-looking statements include, but are not limited to, statements concerning future financial performance, including projections for revenues, GAAP and Adjusted Net Income from continuing operations, GAAP and adjusted earnings from continuing operations per diluted share, non-GAAP adjustments such as global enterprise resource planning (“ERP”) system implementation charges, acquisition-related charges, impairment charges, noncash amortization of imputed interest for convertible debt, intangible asset amortization, and income tax expense (benefit) related to non-GAAP adjustments. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Such risks and uncertainties include, but are not limited to the Company's ability to execute its operating plan effectively, the Company's ability to obtain or manufacture and ship sufficient quantities of its products to meet its customers' demand; the ability of third-party suppliers to supply us with raw materials and finished products; global macroeconomic and political conditions; the Company's ability to manage its direct sales channels effectively; the Company's ability to maintain relationships with customers of acquired entities; physicians' willingness to adopt and third-party payors' willingness to provide reimbursement for the Company's existing, recently launched and planned products; initiatives launched by the Company's competitors; downward pricing pressures from customers; the Company's ability to secure regulatory approval for products in development; the Company's ability to remediate quality systems issues and violations; fluctuations in hospital spending for capital equipment; the Company's ability to comply with and obtain approvals for products of human origin and comply with regulations regarding products containing materials derived from animal sources; difficulties in controlling expenses, including costs to procure and manufacture raw materials and products; the impact of changes in management or staff levels; the Company's ability to integrate acquired businesses; the impact of goodwill and intangible asset impairment charges if future operating results of acquired businesses are significantly less than the results anticipated at the time of the acquisitions; the Company's ability to leverage its existing selling organizations and administrative infrastructure; the Company's ability to increase product sales and gross margins, effectively manage inventory levels and control non-product costs; the Company’s ability to achieve anticipated growth rates, margins and scale and execute its strategy generally; the amount and timing of acquisition and integration-related costs; the geographic distribution of where the Company generates its taxable income; the effect of legislation effecting healthcare reform in the United States and internationally; fluctuations in foreign currency exchange rates; the amount of our convertible notes and bank borrowings outstanding and other factors influencing liquidity; and the economic, competitive, governmental, technological and other risk factors and uncertainties identified under the heading “Risk Factors” included in Item 1A of Integra's Annual Report on Form 10-K for the year ended December 31, 2015 and information contained in subsequent filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide organic revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion. Organic revenues consist of total revenues excluding the effects of currency exchange rates, acquired revenues and product discontinuances. Adjusted EBITDA consists of GAAP net income from continuing operations, excluding: (i) depreciation and amortization, (ii) other income (expense), (iii) interest income and expense, (iv) income taxes, (v) and those operating expenses also excluded from adjusted net income. The measure of adjusted net income consists of GAAP net income from continuing operations, excluding: (i) global enterprise resource planning ("ERP") implementation charges; (ii) structural optimization charges; (iii) certain employee severance charges; (iv) acquisition-related charges; (v) convertible debt noncash interest; (vi) intangible asset amortization expense; and (vii) income tax impact from adjustments and other items. The measure of adjusted diluted weighted average shares outstanding is calculated by adding the economic benefit of the convertible note hedge transactions relating to Integra's 2016 convertible notes. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by adjusted diluted weighted average shares outstanding. The measure of free cash flow consists of GAAP net cash provided by continuing operating activities from continuing operations less purchases of property and equipment. The adjusted free cash flow conversion measure is calculated by dividing free cash flow by adjusted net income.

Reconciliations of GAAP revenues to adjusted revenues and GAAP Adjusted Net Income from continuing operations to adjusted EBITDA, and adjusted net income, and GAAP earnings per diluted share to adjusted earnings per diluted share all for the three and six months ended June 30, 2016 and 2015, and the free cash flow and free cash flow conversion for the six months ended June 30, 2016 and 2015 and the twelve months ended June 30, 2016 and 2015, appear in the financial tables in this release.

The Company believes that the presentation of organic revenues and the various adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and free cash flow conversion measures provide important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. For further information regarding why Integra believes that these non-GAAP financial measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the Company's Current Report on Form 8-K regarding this earnings press release filed today with the Securities and Exchange Commission. This Current Report on Form 8-K is available on the SEC's website at www.sec.gov or on our website at www.integralife.com.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended June 30,	
	2016	2015
Total revenues, net	$ 249,309	$ 212,673
Costs and expenses:		
Cost of goods sold	89,565	75,251
Research and development	14,679	12,012
Selling, general and administrative	119,217	99,318
Intangible asset amortization	3,471	1,747
Total costs and expenses	226,932	188,328
Operating income	22,377	24,345
Interest income	6	8
Interest expense	(6,588)	(5,485)
Other income (expense), net	(852)	(860)
Income from continuing operations before taxes	14,943	18,008
Income tax expense	2,188	5,988
Income from continuing operations	12,755	12,020
Loss from discontinued operations, (net of tax expense benefit)	$ —	$ (7,022)
Net income	$ 12,755	$ 4,998
Net income per share:		
Income from continuing operations	$ 0.32	$ 0.35
Loss from discontinued operations	—	(0.21)
Net income per share	$ 0.32	$ 0.14
Weighted average common shares outstanding for diluted net income per share	39,355	33,939

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

(In thousands)

	Three Months Ended June 30,		
	2016	2015	Change
Specialty Surgical Solutions	$158,163	$146,709	8%
Orthopedics and Tissue Technologies	91,146	65,964	38%
Total revenue	$249,309	$212,673	17%
Impact of changes in currency exchange rates	$(39)	$—	
Less contribution of revenues from acquisitions*	(16,965)	—	
Less contribution of revenues from discontinued products	(1,805)	(4,462)	(60)%
Total organic revenues	$230,500	$208,211	10.7%

* Acquisitions include TEI, Salto and Tekmed.

Items included in GAAP net income from continuing operations and location where each item is recorded are as follows:

(In thousands)

Three Months Ended June 30, 2016

Item	Total Amount	COGS(a)	SG&A(b)	Amort.(c)	OI&E(d)	Tax(e)
Global ERP implementation charges	$5,696	$—	$5,696	$—	$—	$—
Structural optimization charges	1,838	1,008	830	—	—	—
Acquisition-related charges	6,020	4,644	1,376	—	—	—
Certain employee severance charges	617	317	300	—	—	—
Intangible asset amortization expense	10,351	6,880	—	3,471	—	—
Convertible debt noncash interest	2,104	—	—	—	2,104	—
Estimated income tax impact from above adjustments and other items	(9,120)	—	—	—	—	(9,120)
Total Adjustments	$17,506	$12,849	$8,202	$3,471	$2,104	$(9,120)
Depreciation expense	7,663	—	—	—	—	—

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

Three months ended June 30, 2015

(In thousands)

Item	Total Amount	COGS (a)	SG&A (b)	Amort. (c)	OI&E (d)	Tax (e)
Global ERP implementation charges	$3,610	$—	$3,610	$—	$—	$—
Structural optimization charges	3,641	2,047	1,594	—		—
Acquisition-related charges	3,334	587	2,747	—	—	—
Certain employee severance charges	253	—	253	—	—	—
Intangible asset amortization expense	5,992	4,245	—	1,747	—	—
Convertible debt noncash interest	1,885	—	—	—	1,885	—
Estimated income tax impact from above adjustments and other items	(5,796)	—	—	—	—	(5,796)
Total Adjustments	$12,919	$6,879	$8,204	$1,747	$1,885	$(5,796)
Depreciation expense	6,548	—	—	—	—	—

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

RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET INCOME FROM CONTINUNG OPERATIONS TO ADJUSTED EBITDA
(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended June 30,	
	2016	2015
GAAP net income from continuing operations	$ 12,755	$ 12,020
Non-GAAP adjustments:		
Depreciation and intangible asset amortization expense	18,014	12,541
Other (income) expense, net	852	860
Interest expense, net	6,582	5,477
Income tax expense	2,188	5,988
Global ERP implementation charges	5,696	3,610
Structural optimization charges	1,838	3,641
Acquisition-related charges	6,020	3,334
Certain employee severance charges	617	253
Total of non-GAAP adjustments	41,807	35,704
Adjusted EBITDA	$ 54,562	$ 47,724

RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET INCOME FROM CONTINUING OPERATIONS TO MEASURES OF ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE
(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended June 30,	
	2016	2015
GAAP net income from continuing operations	$ 12,755	$ 12,020
Non-GAAP adjustments:		
Global ERP implementation charges	5,696	3,610
Structural optimization charges	1,838	3,641
Acquisition-related charges	6,020	3,334
Certain employee severance charges	617	253
Intangible asset amortization expense	10,351	5,992
Convertible debt noncash interest	2,104	1,885
Estimated income tax impact from adjustments and other items	(9,120)	(5,796)
Total of non-GAAP adjustments	17,506	12,919
Adjusted net income	$ 30,261	$ 24,939
Adjusted diluted net income per share	$0.79	$0.75
Weighted average common shares outstanding for diluted net income per share	39,355	33,939
Weighted average common shares outstanding adjustment for economic benefit of convertible bond hedge transactions	(1,142)	(477)
Weighted average common shares outstanding for adjusted diluted net income per share	38,213	33,462

CONDENSED BALANCE SHEET DATA
(UNAUDITED)

(In thousands)

	June 30, 2016	December 31, 2015
Cash and cash equivalents	$ 86,803	$ 48,132
Accounts receivable, net	145,571	132,241
Inventories, net	220,442	211,429
Bank line of credit	482,500	496,250
Convertible securities	223,041	218,240
Stockholders' equity	794,787	751,443

CONDENSED STATEMENT OF CASH FLOWS
(UNAUDITED)

(In thousands)

	Six Months Ended June 30,	
	June 30, 2016	June 30, 2015
Net cash provided by operating activities	$ 63,109	$ 59,603
Net cash used in investing activities	(14,773)	(18,744)
Net cash (used in) provided by financing activities	(9,082)	20,590
Effect of exchange rate changes on cash and cash equivalents	(583)	(2,146)
Net increase in cash and cash equivalents	**38,671**	**59,303**

RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP OPERATING CASH FLOW TO MEASURES OF FREE CASH FLOW AND FREE CASH FLOW CONVERSION
(UNAUDITED)

(In thousands)

	Three Months Ended June 30,	
	2016	2015
GAAP Net cash provided by continuing operating activities	$ 38,079	$ 42,509
Purchases of property and equipment from continuing operations	(8,267)	(9,623)
Free Cash Flow	29,812	32,886
Adjusted net income *	$ 30,261	$ 24,939
Adjusted Free Cash Flow Conversion	98.5%	131.9%

	Twelve Months Ending June 30,	
	2016	2015
GAAP Net cash provided by continuing operating activities	$ 108,362	$ 117,068
Purchases of property and equipment from continuing operations	(37,622)	(34,172)
Free Cash Flow	70,740	82,896
Adjusted net income *	$ 118,243	$ 102,894
Adjusted Free Cash Flow Conversion	59.8%	80.6%

* Adjusted net income for quarters ended June 30, 2016 and 2015 are reconciled above. Adjusted net income for remaining quarters in the trailing twelve months calculation have been previously reconciled and are publicly available in the Quarterly Earnings Call Presentations and the Historical Financial Results: Continuing Operations presentation on our website investor.integralife.com under Events & Presentations.

The Company calculates adjusted free cash flow conversion by dividing its free cash flow by adjusted net income. The Company believes this measure is a useful metric in evaluating the significance of the cash special charges in its adjusted earnings measures.

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

(In thousands, except per share amounts)	Recorded Year to Date June 30, 2016	Projected Year Ended December 31, 2016 Low	Projected Year Ended December 31, 2016 High
GAAP net income	$ 26,173	$ 70,533	$ 74,433
Non-GAAP adjustments:			
Global ERP implementation charges	9,020	15,000	15,000
Structural optimization charges	3,547	11,500	11,500
Acquisition-related charges	12,061	18,000	18,000
Certain employee severance charges	1,267	1,267	1,267
Intangible asset amortization expense	20,888	42,000	42,000
Convertible debt non-cash interest	4,168	8,200	8,200
Estimated income tax impact from adjustments and other items	(18,600)	(34,000)	(34,000)
Total of non-GAAP adjustments	32,351	61,967	61,967
Adjusted net income	$ 58,524	$ 132,500	$ 136,400
GAAP diluted net income per share	$0.68	$1.78	$1.88
Non-GAAP adjustments detailed above (per share)	$0.87	$1.65	$1.65
Adjusted diluted net income per share	$1.55	$3.43	$3.53
Weighted average common shares outstanding for diluted net income per share	38,771	39,600	39,600
Weighted average common shares outstanding adjustment for convertible dilution	(898)	(1,000)	(1,000)
Weighted average common shares outstanding for adjusted diluted net income per share	37,873	38,600	38,600

GUIDANCE - SPECIAL CHARGES

Item	**YTD Amount**	**FY Guidance**	**COGS**	**SG&A**	**Amort.**	**Interest (Inc)Exp**	**Tax**
Global ERP implementation charges	$ 9,020	$ 15,000	$ —	$ 15,000	$ —	$ —	$ —
Structural optimization charges	3,547	11,500	6,000	5,500	—		
Acquisition-related charges	12,061	18,000	14,000	4,000	—	—	—
Certain employee severance charges	1,267	1,267		1,267	—	—	—
Intangible asset amortization expense	20,888	42,000	28,000	—	14,000	—	—
Convertible debt non-cash interest	4,168	8,200	—	—	—	8,200	—
Estimated income tax impact from adjustments and other items	(18,600)	(34,000)	—	—	—	—	(34,000)
Total	32,351	61,967	48,000	25,767	14,000	8,200	(34,000)

Source: Integra LifeSciences Holdings Corporation