
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):

January 5, 2012

Integra LifeSciences Holdings Corporation

(Exact name of registrant as specified in its charter)

Delaware

000-26244

510317849

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

311 Enterprise Drive, Plainsboro, New Jersey

08536

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

609-275-0500

Not Applicable

Former name or former address, if changed since last report

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On January 5, 2012, Integra LifeSciences Holdings Corporation (the "Company") issued a press release announcing, among other things, its preliminary financial results on revenues, adjusted net income and adjusted earnings per share for the fourth quarter and year ended December 31, 2011 and preliminary financial guidance for 2012 (the "Press Release"). A copy of the Press Release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item. In the financial tables portion of the Press Release, the Company has included a reconciliation of preliminary GAAP net income to preliminary adjusted net income and preliminary GAAP earnings per diluted share to preliminary adjusted earnings per diluted share used by management for its preliminary financial results for the quarter and year ended December 31, 2011.

The Company will hold a conference call for analysts and investors at 8:30 am ET on Friday, January 6, 2012, to discuss the preliminary financial results for 2011 and preliminary expectations for 2012 and to answer questions. Further information about the call appears in the Press Release.

The information contained in Item 2.02 of this Current Report on Form 8-K (including the Press Release and the financial tables) 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 financial tables) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide adjusted net income and adjusted earnings per diluted share. The measure of adjusted net income consists of GAAP net income, excluding: (i) acquisition-related charges; (ii) certain employee termination and related charges; (iii) intangible asset impairment charges; (iv) charges associated with discontinued product lines; (v) systems implementation charges; (vi) facility consolidation, manufacturing and distribution transfer charges*; (vii) charges related to restructuring our European entities; (viii) charges related to the accelerated vesting of certain stock-based compensation and the minimum annual equity award for our former Chief Executive Officer; (ix) charges related to extending our former Chief Executive Officer's employment contract; (x) issuance costs in connection with the revised credit agreement; (xi) expenses related to our former Chief Operating Officer joining the Company; (xii) expenses associated with remediation and related unplanned idle time and underutilization at our Plainsboro, New Jersey manufacturing facility; (xiii) non-cash amortization of imputed interest for convertible debt; (xiv) intangible asset amortization expense; and (xv) income tax expense related to above adjustments and certain infrequently occurring items. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. Reconciliations of preliminary GAAP net income to preliminary adjusted net income and preliminary GAAP earnings per diluted share to preliminary adjusted earnings per diluted share for the quarter and year ended December 31, 2011 appear in the financial tables in the Press Release.

The Company believes that the presentation of adjusted net income and adjusted earnings per diluted share measures provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. Management uses non-GAAP financial measures in the form of adjusted net income and adjusted earnings per diluted share when evaluating operating performance because we believe that the inclusion or exclusion of the items described below, for which the amounts and/or timing may vary significantly depending upon the Company's acquisition, integration, and restructuring activities, and for which some of the amounts are non-cash in nature, provides a supplemental measure of our operating results that facilitates comparability of our operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and the valuation of our Company.

Adjusted net income and adjusted earnings per diluted share are significant measures used by management for purposes of:

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

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

- Acquisition-related charges. Acquisition-related charges include 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, and in-process research and development charges when accounting rules require them to be expensed, inventory fair value purchase accounting adjustments, and legal, accounting and other outside consultants expenses directly related to acquisitions. Inventory fair value purchase accounting adjustments consist of the increase to cost of goods sold that occur as a result of expensing the "step up" in the fair value of inventory that we purchased in connection with acquisitions as that inventory is sold during the financial period. Although recurring given the ongoing character of our development and acquisition programs, these acquisition 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 and acquisition transactions as well as the level of inventory on hand at the time of acquisition.
- Certain employee termination and related charges. Certain employee termination and related charges consist of charges related to certain significant reductions in force that are not initiated in connection with facility consolidations or manufacturing or distribution transfers and senior management level terminations. Management excludes these items when evaluating the Company's operating performance because these amounts do not affect our core operations and because of

the infrequent and/or large scale nature of these activities.

- Intangible asset impairment charges. This represents impairment charges recorded against various intangible assets, including completed or core technology, customer relationships, and tradenames. Such impairments result primarily from management decisions to discontinue or significantly reduce promoting certain product lines or tradenames, the inability to incorporate existing product technologies into product development programs, and other circumstances. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this activity.
- Charges associated with discontinued product lines. These charges represent charges taken in connection with product lines that the Company discontinues. Management excludes this item when evaluating the Company's operating performance because discontinued products do not provide useful information regarding the Company's prospects for future performance.
- Systems implementation charges. Systems implementation charges consist of the non-capitalizable portion of internal labor and outside consulting costs related to the implementation of a global enterprise resource planning ("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. In addition, with the global ERP project entering the application development phase, more costs of the project will be capitalized and, therefore, are not comparable to earlier periods.
- Facility consolidation, manufacturing and distribution transfer charges. These charges, which include employee termination and other costs associated with exit or disposal activities, costs related to transferring manufacturing and/or distribution activities to different locations, result from rationalizing and enhancing our existing manufacturing, distribution and administrative 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 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.
- Charges related to restructuring our European entities. These amounts represent charges recorded in operating or non-operating expenses such as levies and fees paid to government authorities, legal, tax, accounting and consulting fees, and foreign currency gains and losses related to intercompany loan agreements incurred directly as a result of reorganizing our European entities and transfers of business assets between these legal entities. Management excludes this item when evaluating the Company's operating performance because 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 legal entity restructuring activities.
- Charges related to the accelerated vesting of certain stock-based compensation and the minimum annual stock-based compensation award for our former Chief Executive Officer. These charges were recognized in the fourth quarter of 2011 in connection with the acceleration of vesting of certain stock-based compensation and the minimum annual stock-based compensation award required for our former Chief Executive Officer. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this item.
- Charges related to extending our former Chief Executive Officer's employment contract. This charge was recognized in the second quarter of 2011 upon the grant of contract stock units that were fully vested at the time of the grant on May 17, 2011. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this item.
- Expenses related to issuance costs in connection with the revised credit agreement. These expenses related to (i) the remaining unamortized balance of previously capitalized issuance costs relating to certain lenders who are no longer parties to our revised senior credit facility and (ii) a portion of the new issuance costs in connection with amending the credit facility. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this item.
- Charges related to our former Chief Operating Officer joining the Company. These amounts represent expenses incurred in connection with the hiring of our former Chief Operating Officer, primarily related to the grant of contract stock units that were fully vested on the grant date. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this activity.
- Expenses associated with remediation and related unplanned idle time and underutilization at our Plainsboro, New Jersey manufacturing facility. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature and the magnitude of this item.
- Non-cash amortization of imputed interest for convertible debt. 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 nonconvertible debt borrowing rate at the time that we issued such convertible debt instruments. Management excludes this item when evaluating the Company's operating performance because of the non-cash nature of the expense.
- Intangible asset amortization expense. Management excludes this item when evaluating the Company's operating performance because it is a non-cash expense.
- Income tax expense related to (i) the above adjustments and (ii) quarterly adjustments to income tax expense related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items that affected the reported tax rate.

(i) Income tax expense is adjusted by 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) Income tax expense in the current quarter is adjusted by the cumulative impacts in that quarter of changes in income tax rates (statutory and estimated effective tax rates) and certain other infrequently occurring items that relate to prior periods. Management excludes these items when evaluating the Company's current quarter operating performance because the cumulative impact in the current quarter of these items applies to prior periods and thus distorts the Company's adjusted income tax rate in the current quarter. The year-to-date adjusted net income and adjusted diluted earnings per share measures are not adjusted by these items, as the cumulative impacts are properly reflected in the year-to-date adjusted results.

Adjusted net income and adjusted earnings per diluted share are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect

all of the revenues, costs or benefits associated with the operations of the Company's business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of the Company's results as reported under GAAP. The Company expects to continue to acquire businesses and product lines and to incur expenses of a nature similar to many of the non-GAAP adjustments described above, and exclusion of these items from its adjusted financial measures should not be construed as an inference that all of these revenue adjustments or costs are unusual, infrequent or non-recurring. Some of the limitations in relying on the adjusted financial measures are:

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

In the financial tables portion of the Press Release, the Company has included a reconciliation of preliminary GAAP net income to preliminary adjusted net income and preliminary GAAP earnings per diluted share to preliminary adjusted earnings per diluted share used by management for its preliminary financial results for the quarter and year ended December 31, 2011.

* Effective starting in the fourth quarter of 2011, the Company now reports certain costs to transfer production of its collagen products from its existing manufacturing facility in Plainsboro to a new manufacturing facility in Plainsboro and its existing manufacturing facility in Añasco, Puerto Rico in the "facility consolidation, manufacturing and distribution transfer charges" adjustment category. These costs were not previously adjusted out in the calculation of our adjusted net income measure. Accordingly, our preliminary adjusted net income and adjusted net income per diluted share estimates for the year ended December 31, 2011 reflect this change for the fourth quarter of 2011 only.

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 January 5, 2012 by the Company.

The information contained in Item 7.01 of this Current Report on Form 8-K (including the Press Release) is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that Section. The information contained in Item 7.01 of this Current Report on Form 8-K (including the Press Release) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits.

d) Exhibits

99.1 Press release with attachments, dated January 5, 2012, 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

January 5, 2012

By: */s/ John B. Henneman, III*

Name: John B. Henneman, III

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

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release with attachments, dated January 5, 2012, issued by Integra LifeSciences Holdings Corporation.

Contacts:

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Integra LifeSciences Reports Preliminary Fourth Quarter and Full-Year 2011 Financial Results and Preliminary 2012 Outlook

Receives Warning Letter Following 483 Observations Arising from Inspection of Plainsboro, NJ Manufacturing Facility

Announces Conference Call

Plainsboro, New Jersey, January 5, 2012 – Integra LifeSciences Holdings Corporation (NASDAQ: IART) today announced it expects total revenues in the fourth quarter to be approximately \$202 million to \$203 million. These fourth quarter 2011 revenues are approximately 3% below the low end of previously issued guidance. The revenue shortfall resulted from inventory reduction initiatives by our instruments distributors, weakness outside of the U.S., and weaker than expected sales of our domestic Extremity Reconstruction products.

The Company expects adjusted diluted earnings per share to be in the range of \$0.65 to \$0.70 for the fourth quarter of 2011, and between \$2.74 to \$2.79 for the full year 2011. Estimates of the adjustments to income before taxes are set forth in the table at the end of this press release.

The Company expects GAAP diluted earnings per share to be in the range of \$0.08 to \$0.20 for the fourth quarter of 2011, and between \$0.87 and \$0.99 for the full year 2011.

The Company now estimates that its 2012 revenue will increase approximately 8% on a constant currency basis and 7% on a reported basis over final 2011 revenues and its adjusted earnings per share will increase approximately 8-9% over final 2011 results. The Company expects GAAP earnings per share to increase significantly more over final 2011 results. The reduced expectations for revenue and earnings in 2012 are the result of the soft performance in the fourth quarter of 2011, a stronger dollar compared to the Euro, international economic risk, and slightly lower growth expectations for the domestic extremity product lines.

The tax rates and other preliminary information are subject to change.

“We are disappointed by our forecasting and execution in specific areas and have plans in place to address these issues,” said Peter Arduini, Integra’s President and Chief Executive Officer. “Despite these challenges in the fourth quarter, Integra accomplished a lot in 2011 that further positions the Company for future success.”

The Company has scheduled a conference call for analysts and investors at 8:30 a.m., Friday, January 6, 2012, to discuss the preliminary results for 2011 and the preliminary expectations for 2012 and to answer questions. Further information about the call appears at the end of this press release.

Update on Plainsboro Manufacturing Facility

Integra also announced that it received a warning letter from the United States Food and Drug Administration (FDA) related to quality systems and compliance issues at its collagen manufacturing facility located in Plainsboro, New Jersey. The letter resulted from an inspection held at that facility in August 2011, and did not identify any new observations that were not provided in the Form 483 that followed the inspection.

The warning letter does not restrict the Company’s ability to manufacture or ship products. Nor does it require the recall of any product. The Company has provided detailed responses to the FDA as to its corrective actions on a monthly basis, remains on track with its actions and is aggressively working to address all of the issues that the FDA identified.

Since the conclusion of the inspection in late August, 2011, Integra has undertaken significant efforts to remediate the observations that the FDA has made and continues to do so. The Company completed construction activities at the facility and all clean rooms were in production at the end of 2011. The Company has provided a copy of the warning letter as an exhibit in a Current Report on Form 8-K filed concurrently with the issuance of this press release.

Conference Call Tomorrow

Integra has scheduled a conference call for 8:30 AM ET on Friday, January 6, 2012, to discuss preliminary financial results for the fourth quarter and forward-looking financial guidance for 2012. The conference call will be hosted by Integra’s senior management team and will be open to all listeners. Additional forward-looking information may be discussed in a question and answer session following the call.

Access to the live call is available by dialing 719-325-2236 and using the passcode 9943109. The call can also be accessed through a webcast via a link provided on the Investor Relations homepage of Integra’s website at www.integralife.com. Access to the replay will be available through January 20, 2012 by dialing 719-457-0820 and using the passcode 9943109. The webcast will also be archived on the website.

About Integra

Integra LifeSciences, a world leader in medical devices, is dedicated to limiting uncertainty for surgeons, so they can concentrate on providing the best patient care. Integra offers innovative solutions in orthopedics, neurosurgery, spine, reconstructive and general surgery. For more information, please visit www.integralife.com.

Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide adjusted net income and adjusted earnings per diluted share. The measure of adjusted net income consists of GAAP net income, excluding: (i) acquisition-related charges; (ii) certain employee termination and related charges; (iii) intangible asset impairment charges; (iv) charges associated with discontinued product lines; (v) systems implementation charges; (vi) facility consolidation, manufacturing and distribution transfer charges; (vii) charges related to restructuring our European entities; (viii) charges related to the accelerated vesting of certain stock-based compensation and the minimum annual equity award for our former Chief Executive Officer; (ix) charges related to extending our former Chief Executive Officer's employment contract; (x) issuance costs in connection with the revised credit agreement; (xi) expenses related to our former Chief Operating Officer joining the Company; (xii) expenses associated with remediation and related unplanned idle time and underutilization at our Plainsboro, New Jersey manufacturing facility; (xiii) non-cash amortization of imputed interest for convertible debt; (xiv) intangible asset amortization expense; and (xv) income tax expense related to above adjustments and certain infrequently occurring items. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. Reconciliations of preliminary GAAP net income to preliminary adjusted net income and preliminary GAAP earnings per diluted share to preliminary adjusted earnings per diluted share for the quarter and year ended December 31, 2011 appear at the end of this release.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and reflect the Company's judgment as of the date of this release. Forward-looking statements include, but are not limited to, statements concerning future financial performance, including projections for revenues, GAAP and adjusted net income, GAAP and adjusted earnings per diluted share, non-GAAP adjustments such as system implementations charges, acquisition-related charges, non-cash 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; global macroeconomic conditions; the effects of inventory reduction initiatives by the Company's instruments distributors; continued weakness in sales outside of the U.S. and in domestic Extremity Reconstruction product lines; ongoing integration efforts relating to recently acquired Ascension Orthopedics product lines; 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 recently launched and planned products; the Company's ability to manufacture sufficient quantities of its products to meet its customers' demand; initiatives launched by the Company's competitors; the Company's ability to secure regulatory approval for products in development; the Company's ability to remediate quality systems 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 recently enacted regulations regarding products containing materials derived from animal sources; difficulties in controlling expenses, including costs to procure and manufacture our products; the impact of changes in management or staff levels; the Company's ability to integrate acquired businesses; the Company's ability to leverage its existing selling organizations and administrative infrastructure; the Company's ability to increase product sales and gross margins, and control non-product costs; the amount and timing of acquisition and integration related costs; the geographic distribution of where the Company generates its taxable income; the effect of legislation effecting healthcare reform in the United States; fluctuations in foreign currency exchange rates; the amount of our convertible notes and bank borrowings outstanding, and the economic, competitive, governmental, technological and other risk factors and uncertainties identified under the heading "Risk Factors" included in Item 1A of Integra's Annual Report on Form 10-K for the year ended December 31, 2010 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.

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

(In thousands, except per share amounts)

	Preliminary Quarter Ended December 31, 2011	
	Low	High
GAAP net income	\$ 2,200	\$ 5,670
Non-GAAP adjustments:		
Acquisition-related charges	2,170	2,170
Certain employee termination and related charges	1,440	1,440
Intangible asset impairment charges	—	—
Charges associated with discontinued product lines	—	—
Systems implementation charges	6,500	4,500
Facility consolidation, manufacturing and distribution transfer charges	1,150	970
Expenses associated with remediation and related unplanned idle time and underutilization at our Plainsboro, New Jersey manufacturing facility	3,500	2,000
Charges related to restructuring our European entities	460	200
Charges related to the accelerated vesting of certain stock-based compensation and the minimum annual stock-based compensation award for our former Chief Executive Officer*	4,900	4,900
Non-cash amortization of imputed interest		

for convertible debt	3,440	3,440
Intangible asset amortization expense	6,480	6,480
Income tax expense related to above adjustments and certain infrequently occurring items	(13,840)	(11,870)
Total of non-GAAP adjustments	<u>16,200</u>	<u>14,230</u>
Adjusted net income	\$ 18,400	\$ 19,900
GAAP diluted net income per share	\$ 0.08	\$ 0.20
Non-GAAP adjustments detailed above (per share)	\$ 0.57	\$ 0.50
Adjusted diluted net income per share	<u>\$ 0.65</u>	<u>\$ 0.70</u>
Weighted average common shares outstanding for diluted net income per share	28,500	28,500

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS – PRELIMINARY CONTINUED

(In thousands, except per share amounts)

	Preliminary Year Ended December 31, 2011	
	Low	High
GAAP net income	\$ 25,520	\$ 29,250
Non-GAAP adjustments:		
Acquisition-related charges	6,397	6,397
Certain employee termination and related charges	2,286	2,286
Intangible asset impairment charges	2,648	2,648
Charges associated with discontinued product lines	3,664	3,664
Systems implementation charges	18,332	16,332
Facility consolidation, manufacturing and distribution transfer charges	3,277	3,097
Expenses associated with remediation and related unplanned idle time and underutilization at our Plainsboro, New Jersey manufacturing facility	5,248	3,748
Charges related to restructuring our European entities	838	578
Charges related to the accelerated vesting of certain stock-based compensation and the minimum annual stock-based compensation award for our former Chief Executive Officer*	4,900	4,900
Charges related to extending our former Chief Executive Officer's employment contract	8,379	8,379
Expenses related to issuance costs in connection with the revised credit agreement	790	790
Expenses related to our former Chief Operating Officer joining the Company	100	100
Non-cash amortization of imputed interest for convertible debt	10,489	10,489
Intangible asset amortization expense	21,456	21,456
Income tax expense related to above adjustments and certain infrequently occurring items	(33,624)	(31,714)
Total of non-GAAP adjustments	<u>55,180</u>	<u>53,150</u>
Adjusted net income	\$ 80,700	\$ 82,400
GAAP diluted net income per share	\$ 0.87	\$ 0.99
Non-GAAP adjustments detailed above (per share)	\$ 1.87	\$ 1.80
Adjusted diluted net income per share	<u>\$ 2.74</u>	<u>\$ 2.79</u>
Weighted average common shares outstanding for diluted net income per share	29,500	29,500

* Charges related to the accelerated vesting of certain stock-based compensation and the minimum annual stock-based compensation award for our former Chief Executive Officer. These charges were recognized in the fourth quarter of 2011 in connection with the acceleration of vesting of certain stock-based compensation and the minimum annual stock-based compensation award required for our former Chief Executive Officer. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this item.

Source: *Integra LifeSciences Holdings Corporation*