

INTEGRA LIFESCIENCES HOLDINGS CORP  
Form DEF 14A  
April 06, 2018  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**INTEGRA LIFESCIENCES HOLDINGS CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**311 ENTERPRISE DRIVE**

**PLAINSBORO, NEW JERSEY, 08536**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 17, 2018**

To the Stockholders of Integra LifeSciences Holdings Corporation:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders (the Meeting ) of Integra LifeSciences Holdings Corporation (the Company ) will be held as, and for the purposes, set forth below:

TIME	9:15 a.m. local time on Thursday, May 17, 2018
PLACE	Integra LifeSciences Holdings Corporation, 315 Enterprise Drive, Plainsboro, New Jersey 08536
ITEMS OF BUSINESS	<ol style="list-style-type: none"><li>1. To elect nine directors of the Company to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified.</li><li>2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year 2018.</li><li>3. To vote on a non-binding resolution to approve the compensation of our named executive officers.</li><li>4. To act upon any other matters properly coming before the Meeting or any adjournment or postponement thereof.</li></ol>
RECORD DATE	Holders of record of the Company's common stock at the close of business on March 30, 2018 are entitled to notice of, and to vote at, the Meeting and any adjournment or postponement thereof. A complete list of stockholders entitled to vote at the Meeting will be available for inspection by any stockholder for any purpose germane to the Meeting for ten days prior to the Meeting during ordinary business hours at the Company's headquarters located at 311 Enterprise Drive, Plainsboro, New Jersey.
ANNUAL REPORT	The 2017 Annual Report of Integra LifeSciences Holdings Corporation is being mailed simultaneously herewith. The Annual Report is not to be considered part of the proxy solicitation materials.

**Table of Contents**

**IMPORTANT**

In order to avoid additional soliciting expense to the Company, please MARK, SIGN, DATE and MAIL your proxy PROMPTLY in the return envelope provided, even if you plan to attend the Meeting. If you attend the Meeting and wish to vote your shares in person, arrangements will be made for you to do so.

By order of the Board of Directors,

/s/ RICHARD D. GORELICK

Richard D. Gorelick  
*Corporate Vice President, General Counsel,  
Administration and Secretary*

Plainsboro, New Jersey

April 6, 2018

**If you do not vote your shares on the Election of Directors, your brokerage firm may not vote them for you; your shares will remain unvoted.**

**Therefore, it is very important that you vote your shares for all proposals, including the Election of Directors (Proposal 1), and the non-binding resolution to approve the compensation of our named executive officers (Proposal 3), each of which are viewed as non-routine matters for which brokerage firms may not vote for you without your instructions.**

**Table of Contents**

**TABLE OF CONTENTS**

<u>Purpose of Meeting</u>	1
<u>Record Date</u>	1
<u>Voting and Revocability of Proxies</u>	1
<u>Proposal 1: Election of Directors</u>	3
<u>Information Concerning Meetings, Executive Sessions and Certain Committees</u>	7
<u>Director Qualifications</u>	10
<u>Board Leadership Structure</u>	12
<u>The Board's Role in Risk Oversight</u>	12
<u>Risk Assessment Regarding Compensation Policies and Practices</u>	13
<u>Director Attendance at Annual Meetings: Shareholder Communications with Directors</u>	14
<u>Information About Executive Officers</u>	15
<u>Proposal 2: Ratification of Independent Registered Public Accounting Firm</u>	18
<u>Proposal 3: Advisory Vote on Named Executive Officer Compensation</u>	20
<u>Compensation Discussion and Analysis</u>	22
<u>Compensation Committee Report</u>	52
<u>Compensation of Executive Officers</u>	53
<u>Director Compensation</u>	65
<u>Equity Compensation Plan Information</u>	67
<u>Compensation Committee Interlocks and Insider Participation</u>	67
<u>Certain Relationships and Related Transactions</u>	67
<u>Audit Committee Report</u>	69
<u>Principal Stockholders</u>	70
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	72
<u>Stockholder Proposals</u>	72
<u>Other Matters</u>	72
<u>Appendix A Reconciliations of Non-GAAP Financial Measures</u>	A-1

**Table of Contents**

[This page intentionally left blank]

**Table of Contents**

**INTEGRA LIFESCIENCES HOLDINGS CORPORATION**

**311 ENTERPRISE DRIVE**

**PLAINSBORO, NEW JERSEY 08536**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 17, 2018**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE**

**STOCKHOLDER MEETING TO BE HELD ON MAY 17, 2018. The proxy statement and annual**

**report to security holders are available on our internet site at**

**<http://investor.integralife.com/financials.cfm>**

**PURPOSE OF MEETING**

We are providing this Proxy Statement to holders of our common stock in connection with the solicitation by the Board of Directors of Integra LifeSciences Holdings Corporation (the "Company") of proxies to be voted at the Company's 2018 Annual Meeting of Stockholders (the "Meeting") and at any adjournments or postponements thereof. The Meeting will begin at 9:15 a.m. local time on Thursday, May 17, 2018 at the Company's Plainsboro Facility, 315 Enterprise Drive, Plainsboro, New Jersey, 08536. We are first mailing this Proxy Statement, the Notice of Annual Meeting of Stockholders and the form of proxy to stockholders of the Company on or about April 6, 2018.

At the Meeting, we will ask the stockholders of the Company to consider and vote upon:

- (i) the election of nine directors to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified (see Proposal 1. Election of Directors);
- (ii) the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year 2018 (see Proposal 2. Ratification of Independent Registered Public Accounting Firm); and
- (iii) a non-binding resolution to approve the compensation of our named executive officers (see Proposal 3. Advisory Vote on Named Executive Officer Compensation).

We know of no other matters that will be presented for consideration at the Meeting. If any other matters are properly presented at the Meeting or any postponement or adjournment thereof, the persons named in the enclosed proxy will have authority to vote on such matters in accordance with their best judgment.

**RECORD DATE**



## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

As of March 30, 2018, the record date for the Meeting, 78,961,281 shares of our common stock were outstanding. Only holders of record of our common stock as of the close of business on the record date are entitled to notice of, and to vote at, the Meeting or at any adjournment or postponement thereof.

### **VOTING AND REVOCABILITY OF PROXIES**

Each share of our common stock entitles the holder of record thereof to one vote. Each stockholder may vote in person or by proxy on all matters that properly come before the Meeting and any adjournment or postponement thereof. The presence, in person or by proxy, of stockholders entitled to vote a majority of the shares of common stock outstanding on the record date will constitute a quorum for purposes of voting at the Meeting. Shares abstaining from voting and shares present but not voting, including broker non-votes, are counted as present for purposes of determining the existence of a quorum. Broker non-votes are shares held by a broker or nominee for which an executed proxy is received by the Company, but which are not voted as to one or more proposals because timely instructions have not been received from the beneficial owners or persons

**Table of Contents**

entitled to vote and the broker or nominee does not have discretionary voting power to vote such shares. Brokers and other nominees have discretionary voting power to vote generally only on routine proposals. At our annual meeting, the only proposal over which brokers will have discretionary authority to vote without having received specific voting instructions from the beneficial owner of the shares is the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our 2018 fiscal year (Proposal 2). In all other instances, brokers and other shareowners of record who serve as nominees for a beneficial owner may not vote on a proposal without having voting instructions from the beneficial owner.

If we fail to obtain a quorum for the Meeting or a sufficient number of votes to approve a proposal, we may adjourn the Meeting for the purpose of obtaining additional proxies or votes or for any other purpose. At any subsequent reconvening of the Meeting, all proxies will be voted in the same manner as they would have been voted at the original Meeting (except for any proxies that have theretofore effectively been revoked or withdrawn). Proxies voting against a proposal set forth herein will not be used to adjourn the Meeting to obtain additional proxies or votes with respect to such proposal.

The Board of Directors is soliciting the enclosed proxy for use in connection with the Meeting and any postponement or adjournment thereof. All properly executed proxies received prior to or at the Meeting or any postponement or adjournment thereof and not revoked in the manner described below will be voted in accordance with any instructions indicated on such proxies. For Proposals 1, 2, and 3 you may vote FOR, AGAINST or ABSTAIN. If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board of Directors.

You may revoke your proxy by (a) delivering to the Secretary of the Company at or before the Meeting a written notice of revocation bearing a later date than the proxy, (b) duly executing a subsequent proxy relating to the same shares of common stock and delivering it to the Secretary of the Company at or before the Meeting or (c) attending the Meeting and voting in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered at or prior to the Meeting to: Integra LifeSciences Holdings Corporation, 311 Enterprise Drive, Plainsboro, New Jersey 08536, Attention: Corporate Vice President, General Counsel, Administration and Secretary. Beneficial owners of our common stock who are not holders of record and wish to revoke their proxy should contact their bank, brokerage firm or other custodian, nominee or fiduciary to inquire about how to revoke their proxy, and may not revoke their proxy by one of the methods set forth above.

We will bear all expenses of this solicitation, including the cost of preparing and mailing this Proxy Statement. In addition to solicitation by use of the mail, proxies may be solicited by telephone, facsimile or personally by our directors, officers and employees, who will receive no extra compensation for their services. In addition, the Company has retained D.F. King & Co., Inc. to assist in the solicitation of proxies and will pay such firm a fee of \$8,500 plus reasonable expenses. We will also reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy soliciting materials to beneficial owners of shares of common stock.

**Table of Contents****PROPOSAL 1. ELECTION OF DIRECTORS**

The Board of Directors has nominated the following nine persons for election as directors who will serve until the next annual meeting of stockholders and until their successors are duly elected and qualified: Peter J. Arduini, Keith Bradley, Ph.D., Stuart M. Essig, Ph.D., Barbara B. Hill, Lloyd W. Howell, Jr., Donald E. Morel, Jr., Ph.D., Raymond G. Murphy, Christian S. Schade and James M. Sullivan, each of whom are currently directors of the Company.

If any nominee should be unable to serve as director, an event not now anticipated, the shares of common stock represented by proxies would be voted for the election of such substitute as the Board of Directors may nominate. Set forth below is certain information with respect to the persons nominated as directors of the Company. See *Principal Stockholders* for information regarding the security holdings of our director nominees.

*PETER J. ARDUINI* is Integra's President and Chief Executive Officer and a director. He joined Integra in November 2010 as President and Chief Operating Officer and was appointed Chief Executive Officer and a director in January 2012. Before joining Integra, Mr. Arduini was Corporate Vice President and President of Medication Delivery, Baxter Healthcare, which he joined in 2005. Mr. Arduini was responsible for a \$4.8 billion global division of Baxter focused on inpatient pharmaceuticals and devices. Prior to joining Baxter, Mr. Arduini worked for General Electric Healthcare, where he spent much of his 15 years in a variety of management roles for domestic and global businesses, culminating in leading the global functional imaging business. Prior to joining General Electric Healthcare, he spent four years with Procter and Gamble in sales and marketing. Mr. Arduini currently serves on the Board of Directors of Bristol-Myers Squibb Company, where he is a member of the audit committee. He serves on the Board of Directors of ADVAMED, the Advanced Medical Technology Association, the Medical Device Innovation Consortium, and the National Italian American Foundation. He also serves on the Board of Trustees of Susquehanna University. Mr. Arduini received his bachelor's degree in marketing from Susquehanna University and a master's in management from Northwestern University's Kellogg School of Management. Mr. Arduini is 53 years old.

*KEITH BRADLEY, PH.D.*, has been a director of the Company since 1992. Between 1996 and 2003, he was a director of Highway Insurance plc, an insurance company listed on the London Stock Exchange, and has been a consultant to a number of business, government and international organizations. Dr. Bradley was formerly a visiting professor at the Harvard Business School, Wharton and UCLA, a visiting fellow at Harvard's Center for Business and Government and a professor of international management and management strategy at the Open University and Cass Business School, U.K. Dr. Bradley has taught at the London School of Economics and was the director of the School's Business Performance Group for more than six years. He received B.A., M.A. and Ph.D. degrees from British universities. Dr. Bradley was formerly an adviser to RPH Capital, Canada. He currently serves on the Board of Directors of SeaSpine Holdings Corporation, where he is a member of the compensation committee. In addition, he previously served as a director and chair of North Star Capital Management Limited and GRS Financial Solutions Limited. Dr. Bradley is 73 years old.

*STUART M. ESSIG, PH.D.*, is Integra's Chairman of the Board of Directors. He has been our Chairman since January 2012 and a director since he joined Integra in December 1997. He also served as our Chief Executive Officer from December 1997 until January 2012. In addition, he served as our President from December 1997 until November 2010. He currently serves as Managing Director of Prettybrook Partners LLC. Before joining Integra, Dr. Essig supervised the medical technology practice at Goldman, Sachs & Co. as a Managing Director. Dr. Essig had ten years of broad health care experience at Goldman Sachs serving as a senior merger and acquisitions advisor to a broad range of domestic and international medical technology, pharmaceutical and biotechnology clients. Dr. Essig has chaired audit, compensation, and nominating and governance committees and served on the boards of several NASDAQ and NYSE listed companies ranging in size from several hundred million dollars to \$20 billion in market capitalization. Dr. Essig currently serves on the Board of Directors of IDEXX Laboratories, Owens & Minor Inc., and SeaSpine Holdings Corporation, and as Chairman of the Board of Directors of Breg, Inc. He previously served on the Board of Directors of St. Jude Medical Corporation prior to its sale to Abbott Laboratories. He is a founding investor member of Tigerlabs, a Princeton-based business accelerator. He is an Executive in Residence at Cardinal Partners and a Venture Partner at Wellington Partners Advisory AG, both venture capital firms, and serves as a Senior Advisor to TowerBrook

---

**Table of Contents**

Capital Partners and Water Street Healthcare Partners. From March 2005 until August 2008, he served on the Board of Directors of Zimmer Holdings, Inc., and from 1998 to 2002 he served on the Board of Directors of Vital Signs, Inc. Dr. Essig has also served on the executive committee, nominating and governance committee and as treasurer of ADVAMED, the Advanced Medical Technology Association. Dr. Essig is also involved in several non-profit charitable organizations and has, from time to time, served on the boards of such organizations. Dr. Essig also serves on the Leadership Council, School of Engineering and Applied Sciences, Princeton University, and as a member of the Compensation Committee Chair Advisory Council of the National Association of Corporate Directors (NACD). Dr. Essig received an A.B. degree, and graduated with magna cum laude honors, from the Woodrow Wilson School of Public and International Affairs at Princeton University and an M.B.A. and Ph.D. in Financial Economics from the University of Chicago, Graduate School of Business. Dr. Essig is 56 years old.

*BARBARA B. HILL* has been a director of the Company since May 2013. Ms. Hill is currently an Operating Partner of NexPhase Capital, a private equity firm, where she focuses on healthcare related investments and providing strategic operating support for its healthcare portfolio companies. Ms. Hill has served as an Operating Partner of NexPhase Capital since January 2016. Prior to that, Ms. Hill served as an Operating Partner of Moelis Capital Partners, a private equity firm, where she focused on healthcare-related investments and providing strategic operating support for its healthcare portfolio companies. She served as an Operating Partner of Moelis Capital Partners from March 2011 to January 2016. From March 2006 to September 2010, Ms. Hill served as Chief Executive Officer and a director of ValueOptions, Inc., a managed behavioral health company, and FHC Health Systems, Inc., its parent company. In addition, from 2002 to 2003, Ms. Hill served as President and a director of Express Scripts, Inc., a pharmacy benefits management company. In previous positions, Ms. Hill was responsible for operations nationally for Cigna HealthCare, and also served as the CEO of health plans owned by Prudential, Aetna and the Johns Hopkins Health System. She was active with the boards or committees of the Association of Health Insurance Plans and other health insurance industry groups. Currently, she serves as a board member as well as a member of the compensation committee of Owens & Minor Inc., a healthcare product distribution company. In addition, Ms. Hill serves as a board member and a member of the compensation committee of Omega Healthcare Investors, Inc., a Maryland real estate investment trust. Until 2017, Ms. Hill also served as a board member of Revera Inc., a Canadian company operating seniors facilities throughout Canada, Great Britain, and the United States, and as a board member of St. Jude Medical Corporation, a medical device company. Ms. Hill received B.A and M.S. degrees from the Johns Hopkins University. She is 65 years old.

*LLOYD W. HOWELL, JR.* has been a director of the Company since March 2013. Mr. Howell is an Executive Vice President at Booz Allen Hamilton, where he has held a variety of leadership positions since originally joining the firm in 1988 as a consultant. He currently serves as the Chief Financial Officer and Treasurer of Booz Allen Hamilton. From April 2009 to April 2013, Mr. Howell served as the Client Service Officer of the Financial Services Account in the Civil Market at Booz Allen Hamilton where he led the business in delivering the firm's strategic, technology and analytics capabilities and service offerings to both the federal and private sectors. From April 2005 to April 2009, he served as the Strategy and Organization's Capability Leader at Booz Allen Hamilton, a group of which he has been a member since 1995. Prior to that, from 1993 to 1995, he worked at Goldman Sachs as an Associate in their Investment Banking Division. Currently, Mr. Howell is a board member of the Partnership for Public Service, Capital Partners for Education, the University of Pennsylvania's Engineering School, and a member of the Executive Leadership Council. Mr. Howell received a B.S. in Electrical Engineering from the University of Pennsylvania and an M.B.A. from Harvard University. Mr. Howell is 51 years old.

*DONALD E. MOREL, JR., PH.D.*, has been a director of the Company since August 2013. Dr. Morel, until April 2015, was the Chief Executive Officer and, until June 2015, was Chairman of the Board of Directors of West Pharmaceutical Services, Inc., a manufacturer of components and systems for the packaging and delivery of injectable drugs as well as delivery system components for the pharmaceutical, healthcare and consumer products industries. Dr. Morel served as the Chief Executive Officer of West Pharmaceutical Services, Inc. from May 2002 to April 2015, Chairman of the Board of Directors of West Pharmaceutical Services, Inc. from March 2003 to June 2015 and a director of West Pharmaceutical Services, Inc. from March 2002 to June 2015. In addition, he served as President of West Pharmaceutical Services, Inc. from April 2002 to June 2005. Dr. Morel

**Table of Contents**

served on the Board of Directors of Kensey Nash Corporation, a medical device product development and manufacturing company, from March 2010 to June 2012, where he was a member of the audit and compensation committees. He also serves on the Board of Directors of Catalent, Inc. He serves as Chairman of the Board of Directors of the American Oncologic Hospital of the Fox Chase Cancer Center and as Chairman of the Board of Trustees of The Franklin Institute and a Trustee of Lafayette College. Dr. Morel received a B.S. in Engineering from Lafayette College and an M.S. and Ph.D. in Materials Science from Cornell University. Dr. Morel is 60 years old.

*RAYMOND G. MURPHY* has been a director of the Company since April 2009. Between 2004 and 2008, he was Senior Vice President & Treasurer of Time Warner, Inc., responsible for all U.S. and international corporate finance, project (real estate and film) finance, cash management, foreign exchange and interest rate risk management, public debt and equity financing, real estate financing, securitization financing, banking relationships and financings, and relationships with rating agencies, as well as corporate wide real estate activities and the property/casualty risk management program. Between 2001 and 2004, he was Vice President & Treasurer of Time Warner Inc. From 1999 until 2001, he was Senior Vice President & Treasurer of America Online, Inc. Between 1993 and 1999, he was Senior Vice President, Finance & Treasurer of Marriott International, Inc. Prior to Marriott, he held executive positions at Manor Care, Inc., Ryder System Inc. and W R Grace & Company. Since 2005, he has been a member of the Finance Committee of The Advertising Council Inc. and from 2007 until 2009, he served as Chair of such committee. Between 2004 and 2009, he served on the Board of Directors of The Advertising Council, Inc. and between 2007 and 2009, he served on its Executive Committee. He received a B.S. from Villanova University and an M.B.A. from Columbia University Graduate School of Business. Mr. Murphy is 70 years old.

*CHRISTIAN S. SCHADE* has been a director of the Company since 2006. He currently serves as the President and Chief Executive Officer of Aprea Therapeutics AB, a privately held, clinical-stage biopharmaceutical company developing novel anticancer therapies targeting the tumor suppressor protein p53, positions he has held since April 2016. Prior to that, Mr. Schade was the Chief Executive Officer of Novira Therapeutics, Inc., an antiviral drug discovery company focused on first-in-class therapeutics for chronic HBV infection from March 2014 to December 2015 until it was acquired by Johnson & Johnson. Before joining Novira Therapeutics, Inc., he served as Executive Vice President and Chief Financial Officer of Omthera Pharmaceuticals, Inc. from September 2011 to July 2013. Omthera was an emerging specialty pharmaceuticals company focused on the clinical development of therapies for dyslipidemia until it was purchased by AstraZeneca Plc in July 2013. From April 2010 to September 2011, Mr. Schade served as Executive Vice President and Chief Financial Officer at NRG Energy, a NYSE listed, S&P 500 wholesale power generation company based in Princeton, NJ. While there, he was responsible for corporate financial functions, including Treasury, Accounting, Tax, Risk, Credit Management and Insurance. Prior to joining NRG, he was Senior Vice President Administration and Chief Financial Officer at Medarex Inc., a NASDAQ listed, Princeton-based biopharmaceutical company. He also helped Medarex to grow to become a leading pharmaceutical development company, raising capital through a series of public capital market and asset monetization transactions. While there, he also oversaw the manufacturing of multiple development/clinical programs and was responsible for the business development team. Before joining Medarex in 2000, Mr. Schade served as Managing Director at Merrill Lynch in London, where he was head of the European Corporate Funding Group and was responsible for certain capital markets activities of Merrill Lynch's European corporate clients. He also held various corporate finance and capital markets positions in New York and London for both Merrill Lynch and JP Morgan Chase & Co. Mr. Schade currently serves on the Board of Directors of Indivior, a UK listed spinoff of the pharmaceutical division of the consumer products conglomerate, Reckitt Benckiser. Mr. Schade received an A.B. degree from Princeton University, and received an M.B.A. from the Wharton School at the University of Pennsylvania. Mr. Schade is 57 years old.

*JAMES M. SULLIVAN* has been a director of the Company since 1992. He is a Co-Founder of, and currently the Principal Advisor to, the Clover Investment Group. Between 1980 and 1982, he was Vice President of Finance for the Marriott Restaurant Operations and Marriott Theme Parks. From 1982 to 1986, Mr. Sullivan was Chairman, President and Chief Executive Officer of Tenly Enterprises, Inc., a privately held company operating 105 restaurants. Between 1986 and April 2009, he held several positions with Marriott International, Inc. (and its

## **Table of Contents**

predecessor, Marriott Corp.), including Vice President of Mergers and Acquisitions and Executive Vice President of Lodging Development. Prior to 1980, he held senior management positions with Harrah's Entertainment, Inc., Holiday Inns, Inc., Kentucky Fried Chicken Corp. and Heublein, Inc. He also was employed as a senior auditor with Arthur Andersen & Co. and served on the Board of Directors of Classic Vacation Group, Inc. until its acquisition by Expedia, Inc. in March 2002. Mr. Sullivan currently serves as a member of the Board of Directors of SeaSpine Holdings Corporation, where he serves as a member of the audit committee and nominating and corporate governance committee. Mr. Sullivan received a B.S. degree in Accounting from Boston College and an M.B.A. degree from the University of Connecticut. Mr. Sullivan is 74 years old.

### **Required Vote for Approval and Recommendation of the Board of Directors**

Directors are to be elected by the majority of the votes cast with respect to that director in uncontested elections. Thus, the number of shares voted FOR a director must exceed the number of votes cast AGAINST that director. Under our Bylaws, any director who fails to be elected must offer to tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee then will make a recommendation to the Board of Directors whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who tenders his or her resignation will not participate in the Board's decision. Abstentions and broker non-votes will have no effect on the outcome of this proposal.

**The Board of Directors hereby recommends that the stockholders of the Company**

**vote FOR the election of each nominee for director.**

**Table of Contents****INFORMATION CONCERNING MEETINGS, EXECUTIVE SESSIONS AND CERTAIN COMMITTEES**

The Board of Directors held five regularly scheduled and six special meetings during 2017. The Company's independent directors meet at least twice a year in executive session without management present. The Board of Directors has determined that all of the Company's directors, except for Mr. Arduini, are independent, as defined by the applicable NASDAQ Stock Market listing standards and the rules of the Securities and Exchange Commission.

Dr. Richard E. Caruso served as a director of the Company for a portion of 2017 but did not stand for reelection. The Board of Directors also had determined that he was an independent director as defined by the applicable NASDAQ Stock Market listing standards and the rules of the Securities and Exchange Commission. With respect to Dr. Caruso, the Board of Directors considered that the Company leases certain production equipment from an entity controlled by Dr. Caruso and leases a manufacturing facility that is 50% owned by a subsidiary of Provco Industries. Provco's stockholders are trusts whose beneficiaries include the children of Dr. Caruso. Dr. Caruso is the President of Provco.

The Company has standing Audit, Nominating and Corporate Governance, Compensation and Finance Committees of its Board of Directors. Each committee operates pursuant to a written charter. Copies of these charters are available on our website at [www.integralife.com](http://www.integralife.com) through the Investors Relations link under the heading Corporate Governance. During 2017, each incumbent director attended in person or by teleconference at least 75% of the total number of meetings of the Board of Directors and of each committee of the Board of Directors on which he or she served. The following chart and narrative set forth the composition of our committees of the Board of Directors, the chairs of each committee, the directors who served on them following the 2017 annual meeting, and the number of committee meetings held in 2017:

**COMMITTEE COMPOSITION**

	<b>Audit</b>	<b>Nominating and Corporate Governance</b>	<b>Compensation</b>	<b>Finance</b>
Stuart M. Essig, Ph.D.				
Peter J. Arduini				
Keith Bradley, Ph.D.				
Barbara B. Hill				
Lloyd W. Howell, Jr.				
Donald E. Morel, Jr., Ph.D.				
Raymond G. Murphy				
Christian S. Schade				
James M. Sullivan ,#				

= Chairman of the Board = Chair = Member = Independent Under NASDAQ Listing Standards #=Presiding Director

*Audit Committee.* The members of the Audit Committee are Mr. Murphy (chair), Mr. Schade and Mr. Sullivan. The Committee met seven times in 2017. The purpose of the Audit Committee is to oversee the Company's accounting and financial reporting process and the audits of the Company's financial statements. The Board of Directors has determined that all of the members of the Audit Committee are independent within the meaning of the rules of the Securities and Exchange Commission and the applicable NASDAQ Stock Market listing standards. The Board of Directors also has determined that Mr. Murphy, Mr. Schade and Mr. Sullivan are audit committee financial experts, as defined under Item 407(d) of Regulation S-K, and that each of them is financially sophisticated in accordance with NASDAQ Stock Market listing standards.





## **Table of Contents**

*Nominating and Corporate Governance Committee.* The members of the Nominating and Corporate Governance Committee are Mr. Sullivan (chair), Dr. Bradley and Ms. Hill. The Committee met five times in 2017. The purpose of the Nominating and Corporate Governance Committee is to assist the Board of Directors in the identification of qualified candidates to become directors, the selection of nominees for election as directors at the stockholders meeting, the selection of candidates to fill any vacancies on the Board of Directors, the development and recommendation to the Board of Directors of a set of corporate governance guidelines and principles applicable to the Company, the oversight of the evaluation of the Board of Directors and otherwise taking a leadership role in shaping the corporate governance of the Company. The Board of Directors has determined that all of the members of the Nominating and Corporate Governance Committee are independent, as defined by the applicable NASDAQ Stock Market listing standards.

When considering a candidate for nomination as a director, the Nominating and Corporate Governance Committee may consider, among other things it deems appropriate, the candidate's personal and professional integrity, ethics and values, experience in corporate management and a general understanding of sales, marketing, finance, operations, compliance and other elements relevant to the success of a publicly traded company in today's business environment, experience in the Company's industry and with relevant social policy concerns, experience as a board member of another publicly held company, academic expertise in an area of the Company's business, and practical and mature business judgment, including the ability to make independent analytical inquiries. The Nominating and Corporate Governance Committee applies the same criteria to nominees recommended by stockholders that it does to new nominees. In addition, for candidates who are currently serving as directors, the Committee considers the director's past attendance at meetings and participation in and contributions to the activities of the Board. The Nominating and Corporate Governance Committee does not have a formal policy on diversity. That said, both the Nominating and Corporate Governance Committee and the Board of Directors evaluate each individual candidate for nomination as a director in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound business judgment using its diversity of experience and background. The Nominating and Corporate Governance Committee and the Board consider a broad range of experience and attributes for this purpose.

The Nominating and Corporate Governance Committee will consider stockholder-nominated candidates for director, provided that the nominating stockholder identifies the candidate's principal occupation or employment, the number of shares of the Company's common stock that such candidate beneficially owns, a description of all arrangements or understandings between the nominating stockholder and such candidate and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, detailed biographical data, qualifications and information regarding any relationships between the candidate and the Company within the past three years, and any other information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), or under our Bylaws.

A stockholder's recommendation also must set forth the name and address, as they appear on the Company's books, of the stockholder making such recommendation, the class and number of shares of the Company's common stock that the stockholder beneficially owns and the date the stockholder acquired such shares, any material interest of the stockholder in such nomination, any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Exchange Act or under our Bylaws, in its capacity as a proponent of a stockholder proposal, a statement from the recommending stockholder in support of the candidate, references for the candidate, and an indication of the candidate's willingness to serve, if elected. Recommendations for candidates to the Board of Directors must be submitted in writing to Integra LifeSciences Holdings Corporation, 311 Enterprise Drive, Plainsboro, New Jersey 08536, Attention: Corporate Vice President, General Counsel, Administration and Secretary.

*Compensation Committee.* The members of the Compensation Committee are Dr. Bradley (chair), Ms. Hill and Dr. Morel. The Committee met six times in 2017. The Compensation Committee makes decisions concerning salaries and incentive compensation, including the issuance of equity awards, for executive officers of the Company. The Compensation Committee also administers the Company's 2000 Equity Incentive Plan, the Company's 2001 Equity Incentive Plan, the Company's 2003 Equity Incentive Plan, and the Company's

## **Table of Contents**

Employee Stock Purchase Plan (collectively, the Approved Plans ). Each member of the Compensation Committee is an outside director as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ), and a non-employee director within the meaning of Rule 16b-3 under the Exchange Act. The Board of Directors has determined that each of the members of the Compensation Committee is independent, as defined by the applicable NASDAQ Stock Market listing standards.

The Compensation Committee may delegate any or all of its responsibilities, except that it shall not delegate its responsibilities regarding (i) the annual review and approval of all elements of compensation of executive officers, (ii) the management, review and approval of annual bonus, long-term incentive compensation, stock option, employee pension and welfare benefit plans, (iii) any matters that involve executive officer compensation or (iv) any matters where it has determined such compensation is intended to comply with Section 162(m) of the Code by virtue of being approved by a committee of outside directors or is intended to be exempt from Section 16(b) under the Exchange Act pursuant to Rule 16b-3 by virtue of being approved by a committee of non-employee directors.

The Compensation Committee has delegated authority for making equity awards to non-executive officer employees under the Approved Plans to a Special Award Committee, consisting of the Chief Executive Officer. The authority to grant equity to executive officers or employees whose grants would result in their receiving more than 7,500 shares of common stock during the previous 12 months, however, remains with the Compensation Committee. On an annual basis, the Compensation Committee establishes the aggregate number of awards that the Special Award Committee may make. The Compensation Committee authorized the Special Award Committee to grant a maximum of 450,000 shares of awards during the one-year period beginning May 22, 2017.

The Company's Chief Executive Officer provides significant input on the compensation, including annual merit adjustments and equity awards, of his direct reports and the other executive officers. As discussed below in Executive Compensation Compensation Discussion and Analysis Oversight and Authority Over Executive Compensation Role of Chief Executive Officer and Management in Executive Compensation, the Compensation Committee approves the compensation of these officers, taking into consideration the recommendations of the Chief Executive Officer.

The Compensation Committee has established a process for considering the independence of compensation consultants, outside counsel and other advisers (other than in-house legal counsel) who serve as compensation advisers before the Compensation Committee selects or receives advice from such compensation advisers. Currently, no conflict of interest issues have been raised regarding such compensation advisers.

During 2018, the Compensation Committee of the Board of Directors engaged Willis Towers Watson to provide consulting services on (i) the Compensation Discussion and Analysis and Say on Pay Proposal, (ii) shareholder advisory matters, (iii) compensation arrangements for the Chief Executive Officer, Chief Financial Officer and other executive officers for their performance for 2017 calendar year, and (iv) disclosures regarding the CEO pay ratio. During 2017, the Compensation Committee of the Board of Directors engaged Willis Towers Watson to provide consulting services on (i) the Compensation Discussion and Analysis, the Say on Pay Proposal, and the Say on Pay frequency Proposal, (ii) shareholder advisory matters, (iii) 2018 Performance Incentive Compensation Plan and the Fourth Amended & Restated 2003 Equity Incentive Plan, (iv) compensation arrangements for the Chief Executive Officer, Chief Financial Officer and other executive officers for their performance for 2016 calendar year, and (v) Mr. Arduini's amended and restated employment agreement.

*Finance Committee.* The members of the Finance Committee are Mr. Schade (chair), Mr. Howell and Mr. Murphy. The Committee met one time in 2017. The purpose of the Finance Committee is to advise management on matters related to financing strategy, as well as the Company's capital structure and capital allocation initiatives. The Board of Directors has determined that each of the members of the Finance Committee is independent, as defined by the applicable NASDAQ Stock Market listing standards.

## Table of Contents

### **DIRECTOR QUALIFICATIONS**

As indicated above under Information Concerning Meetings, Executive Sessions and Certain Committees Nominating and Corporate Governance Committee, the Board of Directors has an objective, for its Board membership composition, to assemble a group of directors that can support the business in achieving its goals and represent stockholder interests through the exercise of sound business judgment using its diversity of experience and background. Both the Nominating and Corporate Governance Committee and the Board consider a broad range of diversity for this purpose.

In identifying appropriate candidates to serve as directors, the Board believes that individuals with experience as chief executive officers, chief financial officers or senior executives have demonstrated leadership skills and experience to provide sound business judgment and insights to assist the Company in addressing the issues that the Company faces. In addition, the Board considers experience with public companies when evaluating candidates to serve on the Board of Directors. While the Board values experience in the medical device or life sciences industries, it also seeks to include a broad range of experiences such as academic, financial and international experience. Further, the Board reviews the overall business acumen and experience of each director and considers how that individual could work together with the rest of the Board in serving the Company and its stockholders. Each of our Board members has particular attributes, skills and experiences that contribute to a well-rounded Board. We describe below the particular experiences, qualifications, attributes or skills that led the Board to conclude that each of our directors should serve as a member of our Board.

Mr. Arduini has served as our President and Chief Executive Officer and as a director since January 2012. He joined the Company in November 2010 as President and Chief Operating Officer. He has experience as a director of Bristol Myers Squibb, a company listed on the NASDAQ, where he is a member of the audit committee. Before joining the Company, Mr. Arduini was Corporate Vice President and President of Medication Delivery, Baxter Healthcare, which he joined in 2005. Mr. Arduini was responsible for a \$4.8 billion global division of Baxter. Prior to joining Baxter, Mr. Arduini worked for General Electric Healthcare, where he spent much of his 15 years in a variety of management roles for domestic and global businesses. Prior to joining General Electric Healthcare, he spent four years with Procter and Gamble in sales and marketing. The Board greatly values his significant experience and knowledge of the medical device and life sciences industries with a public company, leadership skills, and experience with sales, marketing, operations, international and human resources matters and overall business acumen.

Dr. Bradley has been a director of the Company since 1992. He has experience as a director of SeaSpine Holdings Corporation, a medical device company listed on the NASDAQ and Highway Insurance plc, a company listed on the London Stock Exchange, and as a consultant to a number of business, government and international organizations and significant international academic experience and outside board and chair experience. Dr. Bradley's experience and knowledge of the Company, his experience in international business, accounting and executive compensation matters, consulting and teaching background in management and management strategy, as well as outside board experience, enable him to make significant contributions to the Board.

Dr. Essig, as indicated below under Board Leadership Structure, has served as Chairman of the Board of Directors since January 2012 and has been a director since 1997. He served as both President and CEO of the Company from 1997 until 2010 and then as CEO from 2010 to 2012. Prior to joining the Company, he was a managing director at Goldman, Sachs & Co. where he supervised the medical technology practice. In addition, he serves as a director of IDEXX Laboratories, Owens & Minor Inc., and SeaSpine Holdings Corporation, and as Chairman of the Board of Directors of Breg, Inc. He previously served as a director of St. Jude Medical, prior to its acquisition by Abbott Laboratories, Zimmer Holdings, Inc., a NYSE-listed medical device company, and ADVAMED, a trade association that represents the medical device industry. Dr. Essig's significant experience in serving as an investment banker and member of the board of directors for numerous medical device companies, his finance, business development, management, leadership and risk assessment skills, his knowledge of the Company, and his broad knowledge of, and strategic perspective in, the medical device industry, as well as his manufacturing, compliance, public company and outside board experience, make him a highly valued member of, and Chairman of, the Board.

## **Table of Contents**

Ms. Hill is an Operating Partner of NexPhase Capital, a private equity firm. She previously served as an Operating Partner of Moelis Capital Partners, a private equity firm. In addition, she previously served as Chief Executive Officer and a director of ValueOptions, Inc., and as President and a director of Express Scripts. She also serves as a director of Owens & Minor Inc. and Omega Healthcare Investors, Inc., a NYSE-listed real estate investment trust. Her experience in the healthcare and medical device industry, in leadership and management roles and her outside board experience enables her to provide valuable contributions to the Board.

Mr. Howell is an Executive Vice President as well as the Chief Financial Officer at Booz Allen Hamilton, where he has held a variety of leadership positions since joining the firm in 1988. At Booz Allen Hamilton, Mr. Howell has led the business in delivering the firm's capabilities and service offerings to both the federal and private sectors. The Board believes that it benefits greatly by having a director who is a seasoned senior executive with extensive business expertise. His management and leadership experience, along with his knowledge of information systems and cyber-related matters, enable him to provide valuable contributions to the Board.

Dr. Morel was the Chief Executive Officer of West Pharmaceutical Services, Inc., a manufacturer of components and systems for the packaging and delivery of injectable drugs as well as delivery system components for the pharmaceutical, healthcare and consumer products industries between May 2002 and April 2015. He has significant biomedical and pharmaceutical experience with over 20 years of experience developing and managing programs involving advanced materials for aerospace, biomedical and pharmaceutical applications. In addition, having served in a variety of roles at West Pharmaceutical Services, Inc., with increasing responsibilities, including Chief Operating Officer, head of the drug delivery division and Vice President of Research and Development, Dr. Morel has considerable experience identifying and implementing strategic priorities. Dr. Morel's experience as the Chief Executive Officer of a publicly held life sciences company and as a director of public companies as well as his leadership and management experience make him well qualified to serve on the Board.

Mr. Murphy was Senior Vice President & Treasurer of Time Warner Inc. between 2004 and 2008. He also served in various other leadership positions at Time Warner and at America Online, Inc., Marriott International, Inc., Manor Care, Inc., Ryder System Inc. and WR Grace & Company. His financial, accounting, treasury, business development and risk management expertise, public company experience, leadership skills and outside board experience enable him to make valuable contributions to the Board.

Mr. Schade currently serves as the President and Chief Executive Officer of Aprea AB, a privately held, clinical-stage biopharmaceutical company developing novel anticancer therapies targeting the tumor suppressor protein p53, positions he has held since June 2016. Prior to that he was the Chief Executive Officer of Novira Therapeutics, Inc., an antiviral drug discovery company, from March 2014 to December 2015 until it was acquired by Johnson & Johnson. In addition, he served as Executive Vice President and Chief Financial Officer of Omthera Pharmaceuticals, Inc., a former public company that is an emerging specialty pharmaceuticals company from September 2011 to July 2013. Prior to that time, he served as Executive Vice President and Chief Financial Officer of NRG Energy, Inc., a NYSE-listed company, since May 2010. He was formerly the Senior Vice President, Finance and Administration, and Chief Financial Officer of Medarex, Inc., a NASDAQ-listed life sciences company prior to its acquisition by Bristol-Myers Squibb Company. He also served in various other leadership positions at Medarex and Merrill Lynch. The Board greatly values his expertise in corporate management, finance, manufacturing, accounting and human resources, his management, leadership, business development and risk management skills, as well as his international experience and significant knowledge and experience in the life sciences industry with a public company.

Mr. Sullivan has been a director since 1992. He is the Senior Advisor to the Clover Investment Group. He has held several top leadership positions with Marriott International, Inc., Tenly Enterprises, Inc., Marriott Corp., Harrah's Entertainment, Inc., Holiday Inns, Inc., Kentucky Fried Chicken Corp. and Heubein, Inc. and was a senior auditor for Arthur Andersen & Co. He has experience as a director of SeaSpine Holdings Corporation, a medical device company listed on the NASDAQ. His experience and knowledge of the Company, financial expertise and experience in corporate management, business development, risk assessment and international business, his background in accounting and auditing, his public company experience with global companies, as well as his outside board experience, are highly valued qualifications.

## **Table of Contents**

For additional information on the background and experience of each of our directors, see Proposal 1. Election of Directors.

### **BOARD LEADERSHIP STRUCTURE**

The Company currently has nine members of the Board of Directors, who will serve until the next annual meeting of stockholders and until their successors are duly elected and qualified. The current directors are Peter J. Arduini, Keith Bradley, Ph.D., Stuart M. Essig, Ph.D., Barbara B. Hill, Lloyd W. Howell, Jr., Donald E. Morel, Jr., Ph.D., Raymond G. Murphy, Christian S. Schade and James M. Sullivan. All current members of the Board are nominees for election to the Board at the 2018 annual meeting of stockholders.

As indicated above, Mr. Arduini has served as both President and Chief Executive Officer and as a director of the Company since January 2012 and as both President and Chief Operating Officer from November 2010 until January 2012. His position is separate from that of the Executive Chairman of the Board. We view having the Chairman position separate from the CEO as putting the Company in the best position to oversee all executives of the Company and set a pro-stockholder agenda without presenting potential conflicts that having the two positions combined might pose. This separation of roles, in turn, leads to a more effective board of directors. As a result, we believe that it is a good corporate governance practice to have separate Chairman and Chief Executive Officer positions.

Stuart M. Essig, Ph.D. has served as Non-Executive Chairman of the Board of Directors since June 2012 and has been a director since 1997. He served as Executive Chairman of the Board from January 2012 to June 2012 as well as President from 1997 to 2010 and as Chief Executive Officer from 1997 to 2012. He has significant experience with, and knowledge of, the Company, its operations, products and history. In addition, he is a significant stockholder of the Company. We believe that we benefit greatly by having a Chairman with his level of experience and knowledge of the Company and whose interests are strongly aligned with those of our stockholders.

The Board of Directors appointed Mr. Sullivan Presiding Director, effective as of May 17, 2012, and he has been a director since 1992. Mr. Sullivan has significant experience with, and knowledge of, the Company, its operations, products and history. We believe that we benefit greatly by having a Presiding Director with significant experience and knowledge of the Company. In addition, the presence of an active and independent Presiding Director ensures independent oversight of the Board of Directors and its responsibilities. Further, we believe that having a separate Presiding Director to, among other things, serve as the primary liaison between the independent directors and the CEO, counsel the CEO on key board governance issues and preside over board meetings if the Chairman of the Board is absent leads to a more effective board of directors.

We believe that the mix of backgrounds, experience, attributes and skills of our directors provides a good balance for the Board composition. See Director Qualifications above for a description of the specific experience, qualifications, attributes or skills of each of our director nominees that the Nominating and Corporate Governance Committee considered relevant in nominating them and Proposal 1. Election of Directors for each director nominee's biographical information.

In addition, we believe that the size of the Board and Board Committees is appropriate, given the size, nature, structure and complexity of the Company.

Accordingly, we believe that our Board leadership structure is appropriate at this time.

### **THE BOARD'S ROLE IN RISK OVERSIGHT**

In general, the Board of Directors has overall responsibility for the oversight of risk management at the Company. The Board of Directors has delegated responsibility for the oversight of certain areas of risk management to various Committees of the Board, as described below. Each Board Committee reports to the full Board following each Committee meeting.

The Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of our financial statements. Management meets regularly with the Audit Committee to discuss and review

## **Table of Contents**

the financial risk management processes. These discussions address compliance with Sarbanes-Oxley (including discussions regarding internal controls and procedures), disclosure controls and procedures and accounting and reporting compliance, as well as tax, treasury and compliance matters. Our internal audit team's responsibilities include providing an annual audit assessment of the Company's processes and controls, developing an annual audit plan using risk-based methodology, implementing the annual audit plan, coordinating with other control and monitoring functions, issuing periodic reports to the Audit Committee and management summarizing the results of audit activities, assisting with investigations of significant suspected fraudulent activities within the organization and notifying management and the Audit Committee of the results. Management also regularly discusses with the Audit Committee liquidity, capital, funding needs and other financial matters.

The Compensation Committee oversees risk relating to executive compensation and other incentive programs in the Company. The Compensation Committee considers risk during its deliberations on the design of our executive compensation programs with the goal of appropriately balancing short-term objectives and long-term performance without encouraging excessive and unnecessary risk-taking behaviors. Management recently conducted a review and risk assessment of the Company's 2018 incentive compensation programs (which cover the executive officers and certain other employees globally) and presented a report to the Board on this subject at its meeting in February of 2018. The Compensation Committee reviewed this report and approved the conclusions that (i) our compensation programs are designed with an appropriate balance of risk and reward in relation to our overall business strategy and do not encourage excessive or unnecessary risk-taking behavior and (ii) we do not believe that risks relating to our compensation programs are reasonably likely to have a material adverse effect on the Company. See Risk Assessment Regarding Compensation Policies and Practices below.

The Nominating and Corporate Governance Committee has oversight of corporate governance matters. These matters include evaluation of the performance of the Board, its Committees and members, as well as establishing policies and procedures for good corporate governance.

The Finance Committee has oversight on matters related to financing strategy, as well as the Company's capital structure, capital allocation initiatives and other financial matters.

Each year management presents a detailed report to the Board on the Company's processes in place for assessing and addressing risks, providing periodic reports on compliance regimens and reporting material information to the Board. This report assists the Board in its evaluation of the Company's risk management practices.

Our President and Chief Executive Officer, who functions as our chief risk officer, has responsibility for ensuring that management provides periodic updates to the Board or Board Committees regarding risks in many areas, among them accounting, treasury, information systems, legal, governance, legislative (including reimbursement), general compliance (including sales and marketing compliance), quality, regulatory, corporate development, operations and sales and marketing. Both formal reports and less formal communications derive from a continual flow of communication throughout the Company regarding risk and compliance. We believe that our Board and senior management team promote a culture that actively identifies and manages risk, including effective communication throughout the entire organization and to the Board and Committees.

Our Finance Department and the internal audit team meet with our senior leadership annually to determine whether there is a need to conduct a formal enterprise risk assessment for the Company. This assessment involves many members of management and obtains management's views of all the business risks facing the Company. Management reports to, and discusses with, the Board the results of this enterprise risk assessment. This annual discussion, along with our annual processes for creating and reviewing with the Board our strategic plan, our budget and our internal audit plans, as well as regular processes and communications throughout the Company and periodic updates to the Board and Committees on a broad range of risks, combine to ensure that the Company continually addresses its business risks in a disciplined fashion.

### **RISK ASSESSMENT REGARDING COMPENSATION POLICIES AND PRACTICES**

The Company recently conducted a risk assessment of our compensation policies and programs, including our executive compensation programs. We reviewed and discussed the findings of the assessment with the

## **Table of Contents**

Compensation Committee and the full Board of Directors and concluded that our compensation programs are designed with an appropriate balance of risk and reward in relation to our overall business strategy and do not encourage excessive or unnecessary risk-taking behavior. As a result, we do not believe that risks relating to our compensation programs are reasonably likely to have a material adverse effect on the Company. The Compensation Committee reviewed management's report on the review and assessment of such compensation programs and approved these conclusions. In conducting this review, we considered the following attributes of our programs:

Mix of base salary, annual bonus opportunities and long-term equity compensation;

Balance between annual and long-term performance opportunities;

Alignment of annual and long-term incentives to ensure that the awards encourage consistent behaviors and achievable performance results, without encouraging excessive or unnecessary risk-taking;

Ability to use non-financial and other qualitative performance factors in determining actual compensation payouts;

Use of equity awards that vest over time, discouraging excessive or unnecessary risk-taking by senior leadership;

Generally providing senior executives with long-term equity-based compensation on an annual basis. We believe that as executives accumulate awards over a period of time, they are encouraged to take actions that promote the long-term sustainability of our business;

Stock ownership guidelines, with holding periods until guidelines are achieved, that are reasonable and align the interests of the executive officers with those of our stockholders while discouraging executive officers from focusing on short-term results without regard for long-term consequences; and

Effective systems and processes in place to identify and assess risk.

Our Compensation Committee considered the implications of our compensation practices during its deliberations on the design of our 2018 executive compensation programs, with the goal of appropriately balancing short-term incentives and long-term performance, in order to appropriately address risk.

## **DIRECTOR ATTENDANCE AT ANNUAL MEETINGS; SHAREHOLDER**

### **COMMUNICATIONS WITH DIRECTORS**

It is our policy to encourage our directors to attend the annual meeting of stockholders. All of our incumbent nominee directors and Dr. Caruso attended the 2017 Annual Meeting of Stockholders.

Stockholders may communicate with our Board of Directors, any of its constituent committees or any member thereof by means of a letter addressed to the Board of Directors, its constituent committees or individual directors and sent care of Integra LifeSciences Holdings Corporation, 311 Enterprise Drive, Plainsboro, NJ 08536, Attention: Corporate Vice President, General Counsel, Administration and Secretary.

**Table of Contents****INFORMATION ABOUT EXECUTIVE OFFICERS**

Set forth below is the name, age, position and a brief account of the business experience of each of our current executive officers:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Peter J. Arduini	53	President and Chief Executive Officer and Director
Kenneth Burhop, Ph.D.	64	Corporate Vice President, Chief Scientific Officer
Glenn G. Coleman	50	Corporate Vice President and Chief Financial Officer
Robert T. Davis, Jr.	59	Corporate Vice President, President Orthopedics and Tissue Technologies
Lisa Evoli	48	Corporate Vice President, Chief Human Resources Officer
Richard D. Gorelick	57	Corporate Vice President, General Counsel, Administration and Secretary
John Mooradian	62	Corporate Vice President, Global Operations and Supply Chain
Jeffrey Mosebrook	41	Vice President, Principal Accounting Officer, Corporate Controller
Judith E. O Grady	67	Corporate Vice President, Global Regulatory Affairs
Daniel L. Reuvers	55	Corporate Vice President, President Codman Specialty Surgical
Joseph Vinhais	50	Corporate Vice President, Global Quality Assurance

*PETER J. ARDUINI* is Integra's President and Chief Executive Officer and a director. He joined Integra in November 2010 as President and Chief Operating Officer and was appointed Chief Executive Officer and a director in January 2012. Before joining Integra, Mr. Arduini was Corporate Vice President and President of Medication Delivery, Baxter Healthcare, which he joined in 2005. Mr. Arduini was responsible for a \$4.8 billion global division of Baxter focused on inpatient pharmaceuticals and devices. Prior to joining Baxter, Mr. Arduini worked for General Electric Healthcare, where he spent much of his 15 years in a variety of management roles for domestic and global businesses, culminating in leading the global functional imaging business. Prior to joining General Electric Healthcare, he spent four years with Procter and Gamble in sales and marketing. Mr. Arduini serves on the Board of Directors of Bristol-Myers Squibb Company, where he is a member of the audit committee. He serves on the Board of Directors of ADVAMED, the Advanced Medical Technology Association, the Medical Device Innovation Consortium and the National Italian American Foundation. Mr. Arduini received his bachelor's degree in marketing from Susquehanna University and a master's in management from Northwestern University's Kellogg School of Management.

*KENNETH BURHOP, PH.D.* is Integra's Corporate Vice President, Chief Scientific Officer. Dr. Burhop is responsible for setting Integra's strategic scientific vision and roadmap, as well as leading the Company's portfolio prioritization and management and the scientific evaluation of corporate development and new product opportunities. He joined Integra in February 2014 as Senior Vice President, Chief Scientific Officer and was appointed Corporate Vice President in March 2014. Prior to joining Integra, Dr. Burhop served as Chief Scientific Officer at Sangart, Inc., from January 2011 to October 2013. Prior to joining Sangart, Inc., he spent 24 years with Baxter Healthcare Corporation, from 1986 through 2010, in a series of leadership roles such as Vice President, R&D, Baxter Pharmaceutical Technologies and Vice President, Global Scientific Lead for Baxter's Medication Delivery Division, a business with over \$4 billion in annual sales. Dr. Burhop received his Ph.D. and M.S. in Veterinary Science from the University of Wisconsin-Madison, and his B.A. in Zoology from the University of Wisconsin-Milwaukee.

*GLENN G. COLEMAN* is Integra's Corporate Vice President, Chief Financial Officer. Mr. Coleman is responsible for the Company's finance department, including accounting and financial reporting, budgeting, internal audit, tax, treasury, investor relations, and information technology. Mr. Coleman is also responsible for overseeing the commercial operations of the international business. He joined Integra in May 2014 as Corporate Vice President, Chief Financial Officer, and has 25 years of experience in financial management positions with leading global businesses. Prior to joining the Company, from 2008 to May 2014, Mr. Coleman served as Vice President Finance, Corporate Controller at Curtiss-Wright Corporation, a \$2.5 billion global company.



**Table of Contents**

headquartered in Charlotte, North Carolina that delivers highly-engineered, critical function products and services to the commercial, industrial, defense and energy markets. Prior to joining Curtiss-Wright in 2008, Mr. Coleman worked at Alcatel-Lucent from 1997 to 2007, in various finance executive leadership positions, including Vice President for the Wireless and Wireline Business Groups, Controller for the Americas region, Vice President of Internal Audit and Finance Director of External and Internal Reporting. Mr. Coleman also was instrumental in several significant corporate strategic projects at Alcatel-Lucent, including a multi-billion-dollar restructuring program, spin-off of an \$8 billion publicly traded entity, and numerous acquisitions. Prior to that, Mr. Coleman began his career at PricewaterhouseCoopers LLP where he spent 8 years. Mr. Coleman received his B.S. degree from Montclair State University and has also been a CPA in New Jersey for more than 25 years.

*ROBERT T. DAVIS, JR.* is Integra's Corporate Vice President, President, Orthopedics and Tissue Technologies. Mr. Davis is responsible for the management of the Orthopedics and Tissue Technologies global division, which includes orthopedic extremity implants, and regenerative tissue products. His responsibilities include leadership of sales, commercial operations, marketing and strategy, product development, regulatory affairs, quality assurance, manufacturing services and repair, and business development of the orthopedic extremity implants and regenerative tissue portfolio. Mr. Davis joined Integra in July 2012 as President of the Global Neurosurgery business and was appointed Integra's Corporate Vice President in December 2012 and President Specialty Surgical Solutions in 2014. He brings more than 25 years of executive management experience in the global healthcare industry. Prior to joining Integra, Mr. Davis was the General Manager for the Global Anesthesia & Critical Care business at Baxter Healthcare, from 2009 to 2012, and held various general management positions at GE Healthcare in the areas of interventional therapeutics, cardiovascular imaging and diagnostic ultrasound from 1997 to 2009. Mr. Davis earned his B.S. in Sports Medicine from the University of Delaware, a Master's degree in Exercise & Cardiovascular Physiology from Temple University, and an M.B.A. from Drexel University.

*LISA EVOLI* is Integra's Corporate Vice President, Chief Human Resources Officer. Ms. Evoli is responsible for providing leadership in developing and executing human resources strategy in support of the overall business plan and strategic direction of the organization. She joined Integra as Corporate Vice President, Chief Human Resources Officer in January 2016. Ms. Evoli brings significant global Human Resources leadership experience. Prior to joining Integra, she served as Vice President, Human Resources for the Data & Devices division of TE Connectivity (formerly Tyco Electronics) from September 2012 through December 2015. Prior to working for TE Connectivity, Ms. Evoli held senior global human resources leadership positions with Johnson & Johnson from 2004 through December 2011 in both the Pharmaceutical and Consumer sectors. She held various global human resources leadership roles at Motorola specifically in their Broadband Communications and Automotive groups from 1997 through 2004, and again in April 2011 through August 2012 serving in a Talent Management & Organizational Development leadership role. Ms. Evoli received her B.S. in Business Administration from California University of Pennsylvania and an M.S. in Human Resources / Organizational Development from Villanova University.

*RICHARD D. GORELICK* is Integra's Corporate Vice President, General Counsel, Administration and Secretary. Mr. Gorelick was appointed Integra's Corporate Vice President in December 2012. He joined Integra as Vice President and General Counsel in 2000, and was appointed Senior Vice President and Corporate Secretary in 2006. Mr. Gorelick also chaired the Human Resources Department from 2008 to 2011. Prior to joining Integra, he spent four and a half years at Aventis Behring LLC, a global leader in biologics (plasma proteins) as Associate General Counsel, where his practice focused on technology licensing, strategic alliances, acquisitions and managing commercial litigation. Before that, Mr. Gorelick worked in the Business and Finance Section of Morgan, Lewis & Bockius LLP, in Philadelphia, where his practice concentrated on corporate reorganizations, creditors' rights, secured transactions, bankruptcy and transactional matters. Mr. Gorelick received his A.B. degree from Princeton University and a J.D. degree from the University of California at Berkeley School of Law.

*JOHN MOORADIAN* is Integra's Corporate Vice President, Global Operations and Supply Chain. His responsibilities include global manufacturing and supply chain. Mr. Mooradian was appointed Integra's Corporate Vice President in December 2012. He joined Integra in September 2012 as Senior Vice President, Global Operations and Supply Chain. Before coming to Integra, Mr. Mooradian spent 24 years at Abbott

**Table of Contents**

Laboratories in a series of leadership roles, including managing the Hematology and Point of Care businesses and, later, worldwide operations at Abbott Diagnostics Division, a \$4 billion business with over 11,000 employees. Prior to Abbott, Mr. Mooradian held several positions at General Motors. Mr. Mooradian received a B.B.A. degree in Management from the University of Texas, Arlington.

*JEFFREY MOSEBROOK* is Integra's Vice President, Principal Accounting Officer and Corporate Controller. He was appointed Principal Accounting Officer in October 2017. Mr. Mosebrook joined Integra in 2006 through Integra's acquisition of Miltex, Inc. where he served as a financial reporting manager. Since joining Integra, he has served in a number of managerial positions with increasing responsibilities. In May 2010, he was named Instruments Group Controller, and went on to be named Group Controller, US in March 2012. Since September 2014, Mr. Mosebrook has served in his current role as Vice President, Corporate Controller and, from February to October 2017, assumed an additional role as Vice President, Finance for Integra's specialty surgical solutions segment. Prior to Miltex, Inc., Mr. Mosebrook spent four years at Beard Miller Company, LLP (now known as Baker Tilly Virchow Krause, LLP) in various accounting roles. Mr. Mosebrook received a bachelor of science degree in accounting from York College and is a CPA licensed in Pennsylvania.

*JUDITH E. O GRADY* is Integra's Corporate Vice President, Global Regulatory Affairs. She was appointed Integra's Corporate Vice President in December 2012. In addition, Ms. O Grady was Corporate Vice President, Global Regulatory Affairs and Corporate Compliance Officer from December 2012 to June 2014, Senior Vice President of Regulatory Affairs, and Corporate Compliance Officer from September 2012 to December 2012, and Senior Vice President, Regulatory Affairs, Quality Assurance, and Corporate Compliance Officer from 2007 to September 2012. Previously, she was Vice President of Regulatory Affairs, Quality Assurance and Clinical Affairs. Ms. O Grady has worked in the areas of medical technology and collagen technology for over 25 years. Prior to joining Integra, Ms. O Grady worked for Colla-Tec, Inc., a Marion Merrell Dow Company. During her career she has held positions with Surgikos, a Johnson & Johnson Company, and was on the faculty of Boston University College of Nursing and Medical School. Ms. O Grady led the team that obtained the approval of the Food and Drug Administration (FDA) for INTEGRAL Dermal Regeneration Template, the first regenerative product approved by the FDA, and has led teams responsible for approvals of the Company's other regenerative product lines as well as more than 600 FDA and international submissions. Ms. O Grady received a B.S. degree from Marquette University and M.S.N. in Nursing from Boston University.

*DANIEL L. REUVERS* is Integra's Corporate Vice President, President, Codman Specialty Surgical. His responsibilities within Codman Specialty Surgical include leadership of sales, marketing, product development, regulatory affairs, quality assurance, Global Services and Repair and manufacturing worldwide. He joined Integra in 2008 as Vice President of Marketing and Product Development for Integra's surgical instruments business and was promoted to President of the acute surgical instruments business in June 2010. He was appointed President, Instruments in 2011, Corporate Vice President in December 2012, and President, International in November 2013. Mr. Reuvers was President of Omni-Tract Surgical from September 2005 until December 2008, when the company was acquired by Integra. Mr. Reuvers has over 30 years of experience in the medical technology field, including holding various executive level positions in sales, marketing and general management.

*JOSEPH VINHAIS* is Integra's Corporate Vice President, Global Quality Assurance. His responsibilities include strategic direction for corporate compliance and quality systems. Mr. Vinhais was appointed Integra's Corporate Vice President in December 2012. Mr. Vinhais joined Integra in September 2012 as Senior Vice President, Global Quality Assurance, and was appointed Corporate Vice President in December 2012. Mr. Vinhais has over 25 years of global quality experience in quality assurance, regulatory affairs, compliance, and operations execution. Prior to joining Integra, Mr. Vinhais was head of Quality Assurance, Regulatory Affairs, and Sustainability at Philips Healthcare Imaging Systems, from 2009 to September 2012, where he was responsible for quality assurance and regulatory affairs for the Computed Tomography and Nuclear Medicine business. Prior to Philips, Mr. Vinhais was General Manager of Quality Assurance & Regulatory Affairs at General Electric Healthcare, from 2007 to 2009. Mr. Vinhais received a B.S. in Information Sciences and Systems from Central Connecticut State University, a certificate in Medical Device Management from Worcester Polytechnic Institute, and a certificate in Regulatory Affairs and Compliance from Northeastern University.

**Table of Contents****PROPOSAL 2. RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of PricewaterhouseCoopers LLP served as our independent registered public accounting firm for fiscal year 2017 and has been selected by the Audit Committee to serve in the same capacity for fiscal year 2018. The stockholders will be asked to ratify this appointment at the Meeting. The ratification of our independent registered public accounting firm by the stockholders is not required by law or our Bylaws. We have traditionally submitted this matter to the stockholders and believe that it is good practice to continue to do so.

If stockholders fail to ratify the selection, the Audit Committee will reconsider whether to retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

During fiscal year 2017, PricewaterhouseCoopers LLP not only provided audit services, but also rendered other services, including tax compliance and planning services.

The following table sets forth the aggregate fees billed or expected to be billed by PricewaterhouseCoopers LLP and affiliated entities for audit and non-audit services (as well as all out-of-pocket costs incurred in connection with these services) and are categorized as Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees. The nature of the services provided in each such category is described following the table.

	Actual Fees	
	2017	2016
	(In thousands)	
Audit Fees	\$ 4,024	\$ 2,914
Audit-Related Fees	\$ 267	\$ 363
Total Audit and Audit-Related Fees	\$ 4,261	\$ 3,277
Tax Fees	\$ 3,765	\$ 426
All Other Fees	\$ 14	\$ 14
Total Fees	\$ 8,070	\$ 3,717

The nature of the services provided in each of the categories listed above is described below:

*Audit Fees* Consists of professional services rendered for the integrated audit of the consolidated financial statements of the Company, quarterly reviews, statutory audits, comfort letters, consents and review of documents filed with the Securities and Exchange Commission.

*Audit-Related Fees* Consists of services related to accounting consultations in connection with acquisitions and consultations concerning financial accounting and reporting standards.

*Tax Fees* Consists of tax compliance (review of corporate tax returns, assistance with tax audits and review of the tax treatment for certain expenses) and state, local and international tax planning and consultations with respect to various domestic and international tax planning matters. The increase in fees for 2017 relate to tax planning and consultation expenses for the Derma Sciences Inc. and Codman Neurosurgery acquisitions.

*All Other Fees* Consists of advisory services and the licensing of accounting research software.

No other fees were incurred to PricewaterhouseCoopers LLP during 2016 or 2017.

The Audit Committee approved all services and fees described above.

**Pre-Approval of Audit and Non-Audit Services**

Under the Audit Committee Charter, the Audit Committee must pre-approve all audit and non-audit services provided by the independent registered public accounting firm. The policy, as described below, sets forth the procedures and conditions for such pre-approval of such services.



## **Table of Contents**

Management submits requests for approval in writing to the Audit Committee, which reviews such requests and approves or declines to approve the requests. The Audit Committee's pre-approval of audit and non-audit services is not required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the Audit Committee regarding the Company's engagement of the independent registered public accounting firm, provided that the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service provided and such policies and procedures do not include delegation of the Audit Committee's responsibilities under the Exchange Act to the Company's management.

The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant pre-approvals, provided that such approvals are presented to the Audit Committee at a subsequent meeting. If the Audit Committee elects to establish pre-approval policies and procedures regarding non-audit services, the Audit Committee must be informed of each non-audit service provided by the independent registered public accounting firm.

The Audit Committee has determined that the rendering of the services other than audit services by PricewaterhouseCoopers LLP is compatible with maintaining PricewaterhouseCoopers LLP's independence.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Meeting and will be allowed to make a statement. Additionally, they will be available to respond to appropriate questions from stockholders during the Meeting.

### **Required Vote for Approval and Recommendation of the Board of Directors**

The affirmative vote of the holders of a majority of the shares present, in person or represented by proxy, at the Meeting and entitled to vote is required to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year 2018. Abstentions will not be voted and will have the effect of a vote against this proposal. Broker non-votes will not be counted in determining the number of shares necessary for approval and will have no effect on the outcome of this proposal.

**The Audit Committee of the Board of Directors has adopted a resolution approving the appointment of PricewaterhouseCoopers LLP. The Board of Directors hereby recommends that the stockholders of the Company vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2018.**

---

**Table of Contents**

**PROPOSAL 3. ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION**

We are seeking our stockholders' vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers (NEOs), as described in the Executive Compensation section of this proxy statement beginning on page 22. In deciding how to vote on this proposal, the Board and the Compensation Committee (the Committee) invite you to consider the actions that we have implemented to our executive compensation programs as stated below. In addition, we summarize our compensation programs more fully in the Compensation Discussion and Analysis section of this proxy statement (the CD&A).

At our annual meeting of stockholders held in May 2017, we submitted a non-binding advisory vote to our stockholders to approve our executive compensation (Say on Pay). Approximately 95.3% of the stockholders who voted on our Say on Pay proposal voted in favor of it. We attribute that broad support in part to our continued efforts to understand and address the feedback that we received from our stockholders. Specifically, the Company makes its directors available to institutional investors who wish to discuss the Company's policies and practices, including with respect to executive compensation. Continuing our investor outreach efforts, we gained feedback with respect to our executive compensation programs over the course of the year in a number of different settings. Integra's management team participated in ten institutional investor conferences at which we discussed our strategic plans and growth prospects. In December 2017, we held an Investor Day in New York City to discuss our long-term strategic direction, including one, three, and five-year financial targets. Integra's Board, including members of the Committee, received updates on, and feedback from stockholders at these investor meetings throughout the course of 2017, which included discussions on Integra's executive compensation program. The Committee considered the feedback obtained from our investor outreach program when making decisions relating to compensation for our named executive officers for 2017 and 2018.

The compensation awarded to our Chief Executive Officer (CEO) and other NEOs for 2017 recognizes the positive financial, operational and shareholder return performance of the Company. The Committee is mindful of its responsibility to align executive compensation with the overall performance of the Company, while taking into consideration the need to provide market competitive compensation in order to recruit and retain highly skilled and experienced executives. The CD&A provides a comprehensive discussion and rationale for the 2017 pay decisions made by the Committee and the correlation to Company performance.

As described in the CD&A, our executive compensation programs are designed to attract, retain and motivate our NEOs, who are crucial to our long-term success. Under these programs, we provide our NEOs with appropriate objectives and incentives to achieve our business goals. In 2017, we continued the following compensation actions:

**Long-Term Equity Incentive Plan:** The Company continued its practice of granting 50% of its annual equity awards to the CEO, CFO, and the other NEOs in the form of performance stock units, 30% in the form of non-qualified stock options, and 20% in the form of restricted shares.

**Peer Group:** As a result of continued consolidation in the medical device industry, the Company amended its peer group to remove two companies and add a new company to the group in order to align itself with companies that are similar in size (revenue and market capitalization) and in the same industry as Integra, and with whom Integra may compete for executive talent.

In addition to the actions stated above, we maintain and continuously review our existing compensation practices through strong corporate governance practices, which feature the following:

Separation of the Chairman of the Board and the Chief Executive Officer;

Appointment of a Presiding Director;

An independent compensation consultant reporting directly to the Committee;

Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

An annual risk assessment of our compensation practices;

Stock ownership guidelines that align director and executive officer interests with those of our stockholders;

**Table of Contents**

An annual stockholder advisory vote on executive compensation; and

An Insider Trading Policy that prohibits hedging and pledging of our securities.

We believe that all of these features demonstrate our responsiveness to our stockholders, our commitment to our pay-for-performance philosophy and our goal of aligning management's interests with those of our stockholders to support the creation of long-term value. Accordingly, we ask our stockholders to vote **FOR** the following advisory resolution at our 2018 Annual Meeting:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion of this Proxy Statement is hereby APPROVED by the stockholders of Integra.

Because the Say on Pay vote is advisory, it will not bind the Company, the Committee or our Board. That said, because we value the opinions of our stockholders, the Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

With regard to the frequency of future votes on Say on Pay, the Board determined that it would submit a Say on Pay proposal to our stockholders annually. Therefore, we expect the next stockholder vote to approve the compensation of our named executive officers to occur at the Company's 2019 annual meeting of stockholders.

**Required Vote for Advisory Approval and Recommendation of the Board of Directors**

The affirmative vote of the holders of a majority of the shares present, in person or represented by proxy, at the Meeting and entitled to vote on the proposal is required for advisory approval of this proposal. Abstentions will have the effect of a vote against this proposal. Broker non-votes will not be counted in determining the number of shares necessary for advisory approval and will have no effect on the outcome of this proposal.

**The Board of Directors hereby recommends a vote **FOR** the advisory resolution set forth in this Proposal 3, approving the compensation of our named executive officers, as disclosed in this proxy statement.**



**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

**Executive Summary**

This Compensation Discussion and Analysis ( CD&A ) describes our executive compensation program for 2017, which we have continued to refine through feedback from stockholders, continuing assessments of competitive practices, and alignment with our performance. We use this program to attract, motivate and retain our named executive officers ( NEOs ) and other executives. In particular, we will explain how the Compensation Committee (the Committee ) of the Board of Directors (the Board ) made 2017 compensation decisions for our 2017 NEOs:

Peter J. Arduini, our President and Chief Executive Officer ( CEO );

Glenn G. Coleman, our Corporate Vice President and Chief Financial Officer ( CFO );

Robert T. Davis, Jr., our Corporate Vice President, President Orthopedics and Tissue Technologies;

Richard D. Gorelick, our Corporate Vice President, General Counsel, Administration and Secretary; and

Daniel L. Reuvers, our Corporate Vice President, Codman Surgical Solutions.

The Committee establishes the philosophy, approves the design of, and administers our executive compensation programs. The report of the Committee appears at the end of this section. In addition to the Company continuing its investor outreach program, the Committee has continued to evolve the core elements of its executive compensation programs, as follows:

Utilized a Performance Incentive Compensation Plan (the Bonus Plan ) containing a formulaic funding mechanism (based on quantitative metrics) for annual cash bonuses;

The Company continued its practice of granting 50% of its annual equity awards to the NEOs in the form of performance stock units and 30% in the form of non-qualified stock options;

Granted equity pursuant to the Long-Term Equity Incentive Plan that includes a double-trigger change in control provision and a clawback provision; and

Continued to implement ownership stock retention requirements for executive officers and directors.  
The following are some key highlights about the Company's performance in 2017:

Three-year total return to stockholders for 2015, 2016 and 2017 was 95.3% (compared to 89.4% for our peer group);

## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

Acquired and integrated Derma Sciences Inc., expanding our advanced wound care franchise with a broad set of market leading products and nearly doubling the size of our outpatient wound care sales channel;

Closed the acquisition of the Codman Neurosurgery business from Johnson & Johnson. This is the largest acquisition in the Company's history and is transformational for Integra; and

Achieved reported revenue growth of 19.8% and organic revenue growth of 4.6% for the full year 2017, while planning for closing and integrating, and then closing and integrating the two largest acquisitions in the Company's history.

### **Listening to Our Stockholders**

At our 2017 Annual Meeting, approximately 95.3% of the stockholders who voted on our 2017 Say-on-Pay proposal voted in favor of the proposal. We believe that this support resulted largely from the continuous improvements that we have made and continue to make in our executive compensation programs and the effect that they have had on the performance of the Company. The Company has achieved strong results over the past few years, and we believe that investors support our pay-for-performance philosophy in growing the Company. The Company makes its directors available to institutional investors who wish to discuss the Company's policies

**Table of Contents**

and practices, including with respect to executive compensation. Continuing our investor outreach efforts, we gained feedback with respect to our executive compensation programs over the course of the year in a number of different settings. Integra’s management team participated in ten institutional investor conferences at which we discussed our strategic plans and growth prospects, and met with over 425 institutional investors in 2017. In December 2017, we held an Investor Day in New York City to discuss our long-term strategic direction, including one, three and five-year financial targets. Integra’s Board, including members of the Committee, received updates on, and feedback from stockholders at these investor meetings throughout the course of 2017. These discussions often included Integra’s executive compensation program. The Committee considered the feedback obtained from our investor outreach program when making decisions relating to compensation for our named executive officers for 2017 and 2018.

As a result of the stockholder outreach conducted during the past several years and the Committee’s own deliberations with the assistance of third-party advisers, we continue to evolve the executive compensation programs. We continue these practices in 2018 in order to reinforce a culture that emphasizes pay for performance. The table below provides a summary of (i) the program elements from 2017 and (ii) how we applied those elements in 2018 for performance in 2018 and beyond.

<b>Element</b>	<b>2017</b>	<b>2018+</b>
Link between performance and compensation	<p>All compensation decisions made in 2017 for 2016 performance reflect company-wide performance against pre-established metrics and goals and an assessment of each NEO’s performance against goals established at the beginning of 2016.</p> <p>Specific financial objectives for funding the pool for cash incentives, and for each NEO’s division or function, were established within the first 90 days of 2017.</p> <p>The Company continued its practice of granting 50% of its annual equity awards to its NEOs in the form of performance stock units ( PSUs ), and 30% was in the form of non-qualified stock options.</p> <p>The restricted stock units granted to the CEO in 2017 are deferred and will not be delivered until after the CEO’s departure from the Company.</p> <p>Because the Company met its 2016 financial metrics provided in the Performance Incentive Compensation Plan (the Bonus Plan ), the Company paid cash bonuses to the NEOs in 2017 for 2016 performance under the Bonus Plan.</p>	<p>Continuing current practices.</p> <p>Because the Company met its 2017 financial metrics provided in the Bonus Plan as described below, the Company paid cash bonuses to the NEOs in 2018 for 2017 performance.</p>

**Table of Contents**

<b>Element</b>	<b>2017</b>	<b>2018+</b>
Use of discretion	<p>The Bonus Plan approved by stockholders provides the Committee with only negative discretion to reduce (but not increase) cash incentive payments intended to constitute qualified performance-based compensation.</p> <p>Includes a clawback provision.</p> <p>The Company funded the overall annual cash incentive pool for 2016 performance pursuant to the Bonus Plan at 117% of target.</p> <p>Based on strong financial and other qualitative measures in 2016, the Company's NEOs earned cash bonuses for 2016 performance paid in March 2017 up to 150% of each NEO's respective target. The Committee determined such cash bonuses based upon the strong individual performance of each of the NEOs, achievement of several critical business priorities ahead of expectations, successfully meeting or exceeding strategic objectives, optimizing the Company's organizational structure, systems and processes, and meeting the objectives to enhance overall commitment to quality and regulatory compliance.</p> <p>Based on competitive practices, the Compensation Committee amended the Bonus Plan in February 2017 to fund cash bonuses for NEOs up to a maximum of 200% of target to more closely align pay and performance. This Bonus Plan Amendment commenced with 2017 performance, with such bonuses paid in March 2018.</p>	<p>Continuing current practices.</p> <p>The Company funded the overall annual cash incentive pool for 2017 performance pursuant to the Bonus Plan at 121% of target.</p> <p>Based on strong financial and other qualitative measures of performance in 2017, the Company's NEOs earned cash bonuses for 2017 performance paid in March 2018 up to 135% of each NEO's respective target. The Committee determined such cash bonuses based upon the strong individual performance of each of the NEOs, achievement of several critical business priorities ahead of expectations, successfully meeting or exceeding strategic objectives, optimizing the Company's organizational structure, systems and processes, and meeting the objectives to enhance overall commitment to quality and regulatory compliance.</p> <p>In addition, based on the achievement of certain performance metrics pertaining to the successful acquisition and integration of Codman Neurosurgery, the Company funded a one-time cash bonus modifier for certain NEOs.</p>

**Table of Contents**

<b>Element</b>	<b>2017</b>	<b>2018+</b>
Performance-based stock grants	<p>50% of each NEO's 2017 equity grant (including the CEO and CFO) was in the form of PSUs with annual vesting over three years contingent on achieving three-year cumulative revenue growth performance goals, measured during each fiscal year of the performance period; 30% of each NEO's 2017 equity grant (including the CEO and CFO) was in the form of non-qualified stock options, which the Committee, Board and management view as performance-based equity.</p> <p>Each grant considered:</p> <p>2016 performance;</p> <p>Future potential and retention needs; and</p> <p>Competitive market data.</p>	<p>The (i) third installment of the PSUs granted to the NEOs in 2015 vested at target in 2018 because the 2017 performance goal, based on revenue growth, was met. In addition, the (ii) second installment of the PSUs granted to the NEOs in 2016 and the (iii) first installment of PSUs granted to NEOs in 2017 both vested in 2018 at 150% of the target number of shares of performance stock eligible to vest because the 2017 performance goal, based on revenue growth, was achieved at the maximum level.</p> <p>For 2018, the Committee approved changes to the design of the PSUs in order to incentivize long term organic revenue growth, with annual vesting over three years contingent on achieving organic revenue growth goals (excluding divestitures and discontinued products), measured during each fiscal year of the performance period against the immediately preceding fiscal year.</p>
Peer group	<p>The (i) third installment of the PSUs granted to the NEOs in 2014, and the (ii) second installment of the PSUs granted to the NEOs in 2015, vested in 2017 at target because the 2016 performance goal, based on revenue growth, was met. In addition, (iii) the first installment of the PSUs granted to the NEOs in 2016 vested in 2017 at 150% of the target number of shares of performance stock eligible to vest because the 2016 performance goal, based on revenue growth, was achieved at the maximum level. Integra's peer group focuses on the medical technology industry and considers the complexity of Integra's business, competitors for executive talent, as well as relative size (revenue and market cap). The Committee reviewed compensation of our NEOs relative to our peers, and as a result of our review, we made the following changes to our peer group in July 2017: (i) we removed Orthofix International and Cantel Medical, and (ii) added West Pharmaceuticals.</p>	<p>Will continue to focus on the medical technology industry, Integra's complexity, competition for executive talent and relative size (revenue and market cap), and will consider making adjustments to the peer group as necessary given the aforementioned criteria. We will review compensation of our NEOs relative to our peers on an annual basis.</p>
Change-In-Control provisions for equity awards	<p>Continue to utilize double trigger provisions implemented in 2013 for acceleration of equity awards.</p>	<p>Continuing current practice.</p>

**Table of Contents**

<b>Element</b>	<b>2017</b>	<b>2018+</b>
Compensation recoupment ( clawback ) policy	Continue to utilize clawback policy implemented in 2013 that pertains to both the equity plans and Bonus Plan.	Continuing current practice.
Pre-clearance, Anti-hedging/pledging policy	Continue to mandate pre-clearance requirements to a broader group of executives. Continue to follow the anti-hedging/pledging policy that was implemented in 2013.	Continuing current practice.

The Company will continue its outreach to stockholders on an on-going basis to sustain and, where appropriate, refine alignment on executive compensation practices.

**Philosophy**

The Committee determines our philosophy on executive compensation, which is to align each executive’s compensation with Integra’s short- and long-term performance goals. Accordingly, we have designed our executive compensation programs to enhance Integra’s ability to attract, retain and engage executives who are essential to Integra’s continued growth and success, and reward them when they deliver strong performance.

We linked our 2017 annual cash incentive program to financial metrics including revenue, adjusted earnings before interest, taxes, depreciation and amortization ( EBITDA ), and operating cash flow which we believe drive the profitability and growth of the Company and long-term shareholder return. Cash incentive awards for NEOs are linked to the achievement of these financial metrics as well as performance of other objectives to advance the long-term strategy of the Company.

Our long-term equity incentive awards are aligned with stockholder interests because they focus on performance for grants and vesting as well as retention, and facilitate long-term stock ownership.

In addition to stock ownership requirements for executive officers, our CEO holds certain equity grants whose payment is deferred until after he leaves the Company.

All compensation actions also are considered in the context of appropriately managing risk.

Overall, we design our compensation programs to attract and retain executives capable of (i) leading our Company, which is more complex and diversified in its business than other medical technology companies of comparable revenues, and (ii) growing our Company more rapidly than peers in the industry, consistent with our long-term objective to become a multi-billion dollar global, diversified, medical technology company.

In determining compensation for our NEOs for 2017, the Company made some decisions, such as performance targets, in advance, while the Company made others, such as the determination of annual cash bonus awards for 2017 under the Bonus Plan and the long-term equity incentive awards, after the performance period concluded and could be evaluated.

**2017 Performance**

Integra made considerable changes and progress toward transforming the Company during 2017, as it advanced toward becoming a multi-billion dollar, global medical technology company. In 2017, we evolved our strategy to focus on four key pillars: 1) build an execution-focused culture, 2) achieve relevant scale, 3) improve agility and innovation, and 4) lead in customer excellence. The following represent our key accomplishments in 2017:

Three-year total return to stockholders for 2015, 2016 and 2017 was 95.3% (compared to 89.4% for our peer group);

## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

Acquired and integrated Derma Sciences Inc., expanding our advanced wound care franchise with a broad set of market leading products and nearly doubling the size of our outpatient wound care sales channel. This acquisition also expanded our regenerative portfolio with the addition of an amniotic tissue-based technology platform;

## **Table of Contents**

Closed the acquisition of the Codman Neurosurgery business from Johnson & Johnson, which is the largest acquisition in the Company's history and is transformational for Integra. The acquisition of the Codman business significantly enhances the Company's position in the global neurosurgery market by adding a globally recognized brand that includes a broad portfolio of market leading neurosurgery products, and expands our sales channel by 30% inside the U.S. and by 50% outside the U.S. Additionally, the global infrastructure acquired as part of the Codman business accelerates Integra's plans to expand outside the U.S., and creates the platform through which the balance of Integra's product portfolio can eventually be marketed and sold globally. The Codman product lines also will be important contributors to achieving Integra's long-term margin expansion targets;

Achieved reported revenue growth of 19.8% and organic revenue growth of 4.6% for the full year 2017, while planning for closing and integrating, and then closing and integrating the two largest acquisitions in the Company's history;

Successfully launched seven new regenerative products, and the CUSA® Clarity ultrasonic tissue ablation platform, as well as effecting multiple new product registrations globally;

In the fourth quarter of 2017, the Company initiated a plan to invest in, and expand, our channels within the Orthopedics and Tissue Technologies segment in the U.S. This plan includes a move from two to four dedicated channels and the addition of product specialists at certain call points, all of which should help increase the focus of our sales teams and result in higher sales growth;

Increased international sales to 30% of the Company's overall sales, resulting primarily from the contribution of the Codman Neurosurgery acquisition and from strength in sales of products deriving from our regenerative technologies; and,

Increased our borrowing capacity from \$1.5 billion to \$2.2 billion with a \$700 million incremental term loan. This expanded facility provided funding for the Codman Neurosurgery acquisition and helps to retain the strength and flexibility of our balance sheet.

### *Stock Performance*

Our stock generated a three-year total return for stockholders of 95.3% from 2015 through 2017, compared to 89.4% for our peer group of companies and 45.8% for the NASDAQ Composite Index. For the year ended December 31, 2017, we ranked in the 67<sup>th</sup> percentile of total returns for the three-year period of our peer group.

\* For the full roster of members of our Peer Group, please refer to the section below entitled "Our Peer Group and the Markets in Which We Compete."



**Table of Contents*****Linking Financial Performance to Pay in 2017***

In February 2017, the Committee established the threshold objective 162(m) goal (70% of prior year EBITDA) as well as the 2017 performance targets under the Bonus Plan, as illustrated in the chart below.

	<b>2017 Target</b>
<b>Revenue</b>	\$ 1,070.0 Million
<b>Adjusted EBITDA</b>	\$ 256.8 Million
<b>Operating Cash Flow</b>	\$ 177.50 Million

When the Committee met in February of 2017 to establish the targets for 2017 performance, the Committee decided to not factor in any financial effects from the Codman Neurosurgery acquisition because it was uncertain at that time when or if the acquisition would be successfully completed. The acquisition was subsequently closed in October of 2017, and the Company incurred one-time and other acquisition- and integration-related expenses in connection with the transaction, which reduced the Company's operating cash flow for 2017. The acquisition also had the effect of incrementally increasing the Company's revenue and Adjusted EBITDA for 2017. The Committee considered these factors when it met in February of 2018 to evaluate the Company's financial performance for 2017 against the targets. Given the transformational nature of the acquisition and the fact that the impact from the acquisition was not factored into the Committee's setting of the 2017 targets, the Committee made the determination to exclude the financial effects from the Codman acquisition when measuring the Company's financial performance against all three targets.

In 2017, with such adjustment, we exceeded our targets for revenue, Adjusted EBITDA and operating cash flow. These results reflect significant progress made during 2017 on a series of strategic initiatives designed to help the Company grow. Our strong financial performance determined how we funded the 2017 pool for cash incentive payments for NEOs. The following is a brief discussion on our year-over-year performance against these metrics:

*Revenues:* We increased reported revenues 19.8% to \$1,188.2 million last year, which, after adjustment to exclude any financial effects from the Codman Neurosurgery acquisition, still exceeded our target of \$1,070 million;

*Adjusted EBITDA:* Our Adjusted EBITDA (see Appendix A Reconciliations of Non-GAAP Financial Measures ) increased 16.3% during 2017 to \$269.5 million, which, after adjustment to exclude any financial effects from the Codman Neurosurgery acquisition, still exceeded our target of \$256.8 million;

*Operating Cash Flow:* While our operating cash flow decreased 1.6% during 2017 to \$114.5 million, after adjustment for expenses related to our acquisition and integration of the Codman Neurosurgery business, it exceeded our target of \$177.5 million.

Once the Committee determined the funding of the 2017 pool for cash incentive payments, the Committee considered several additional factors in finalizing the awards to NEOs. The Company successfully met or exceeded its strategic objectives for 2017. The Company successfully closed on the acquisitions of Derma Sciences Inc., and the Codman Neurosurgery business, executed the global release of the next generation CUSA® Clarity tissue ablation system and launched seven new regenerative products. The Company also initiated a U.S. channel investment and expansion plan to move from two to four dedicated channels in its Orthopedics and Tissue Technologies segment, which should increase the focus of our sales teams and result in higher sales growth. Overall, the Committee determined that the Company's performance exceeded its objectives for 2017 and awarded the NEO pool with cash incentive payments for 2017 that were funded above a 100% target payout.

Our efforts to link pay and performance also applied to equity awards. The third installment of the PSUs granted to the NEOs in 2015 vested at target because the Company achieved its 2017 revenue growth goal. The second installment of the PSUs granted to the NEOs in 2016, and the first installment of the PSUs granted to NEOs in 2017, vested at 150% of the target number of shares eligible to vest in 2018 because the Company achieved its 2017 performance goal with revenue growth at the maximum levels. Specifically, revenues increased from \$992.1 million in 2016 to \$1,188.2 million in 2017, an increase of 19.8%. For more information, please refer to the section below entitled Refined Long-Term Equity Incentive Plan.



**Table of Contents**

**Executive Compensation for 2017**

In 2017, we continued to evolve our approach to executive compensation based on stockholder feedback. Our executive compensation programs continue to align with metrics that drive total stockholder return and hold management accountable for the Company’s financial performance and progress towards the Company’s strategic objectives and goals.

***Performance Incentive Compensation Plan (the Bonus Plan)***

The Committee approved the Bonus Plan in January 2013, which the full Board then approved in February 2013, and the stockholders then approved in May 2013. In February 2017, the Committee approved an amendment to the Bonus Plan, commencing in performance year 2017, to increase the maximum payout percentage to 200% of target (an increase from 150%) for NEOs, in order to better align pay and performance as well as be more consistent with typical market practice. The Board approved the Bonus Plan in February 2017 and stockholders approved it in May 2017.

The following are the highlights of the Bonus Plan:

Under the Bonus Plan, cash bonuses may be paid based on the Company’s achievement of performance goals that the Committee determined within the first 90 days of the year.

Weighting of metrics to fund the incentive pool for 2017 performance pursuant to a formula that includes percentage weightings for revenue (40%), adjusted EBITDA (30%), and operating cash flow (30%).

For 2017 performance, the 2017 NEOs were eligible for cash incentive payments only if the Company achieved its EBITDA goal of at least 70% of its prior year EBITDA.

The Committee has only negative discretion to reduce (and not increase) the amount of the bonus pool funded, and subsequently the awards to NEOs.

Each NEO in the Bonus Plan has an established target bonus opportunity, with no minimum (that is, the actual payment could be 0%) and a cap at 200% of his or her target.

Includes a clawback provision.

***Determining Awards for 2017 Performance under the Bonus Plan***

The Committee established the following target awards for 2017 performance for the following NEOs:

<b>Named Executive Officer</b>	<b>Title</b>	<b>Cash Incentive Plan Target as a % of Base Salary</b>
Peter J. Arduini	CEO	110%
Glenn G. Coleman	CFO	75%
Robert T. Davis, Jr.	CVP	60%
Richard D. Gorelick	CVP	45%

Daniel L. Reuvers

CVP

50%

None of our NEOs has a cash incentive guarantee. In 2017, no NEO may earn an award in excess of 200% of his/her target.

The Bonus Plan provides a clear process for determining bonuses for NEOs.

*Threshold Objective for NEOs for 2017 Performance*

The Committee established a threshold objective for 2017 performance (70% of prior year Adjusted EBITDA from continuing operations) for the 2017 NEOs based on the prior year's Adjusted EBITDA, for the purposes of tax deductibility under Section 162(m), because the Committee believes that this is the single most complete metric to assess the Company's performance. The definition of Adjusted EBITDA for bonus purposes is GAAP net (loss)/income from continuing operations, excluding: (i) depreciation and amortization, (ii) other

**Table of Contents**

income (expense), net, (iii) interest income and expense, (iv) income taxes, and (v) those operating expenses also excluded from adjusted net income. The Company achieved this goal in 2017 resulting in funding of the Bonus Plan as stated below.

Upon achievement of the Adjusted EBITDA goal, the bonus for such NEOs is funded at the maximum (200% of their targets in 2017). Thereafter, the Committee has the ability to exercise only negative discretion in order to determine the actual cash incentive payment for such NEOs based on the funding of the Company's annual cash incentive pool pursuant to the metrics set forth in the table below and such NEO's performance.

*Cash Incentive Pool Funding Model for 2017 Performance*

The Bonus Plan was designed to fund an overall pool based on financial metrics for all participants. The aggregate amount of the final payments to all participants, including such NEOs, may not exceed the overall funded pool. The Company's pool funding model for 2017 performance was as follows:

2017 Performance Metric	Weight	Performance Goals as a Percent of Target			
		Below	THRESHOLD	TARGET	MAX
<b>REVENUE</b>	40%	95.9%	96%	100%	104%
<b>ADJUSTED EBITDA</b>	30%	92.9%	93%	100%	107%
<b>OPERATING CASH FLOW</b>	30%	84.9%	85%	100%	115%
<b>Cash Incentive Pool Funding as % of Target</b>		0%	20%	100%	150%

The Committee approved these metrics for 2017 performance because they are key indicators as to the strength of the business, and we believe that they drive stockholder returns over the long term. Because the Company's results exceeded the threshold goals for the performance metrics consisting of revenue, adjusted EBITDA and operating cash flow, as described above, the cash incentive pool was funded for all eligible participants.

In addition, the Committee approved a one-time bonus modifier for certain NEOs based on successfully meeting the performance objectives listed below related to the acquisition and integration of the Codman Neurosurgery business.

Objectives	Weightings
Close in early Q4 2017	75%
Achieve Q4 2017 revenues in Day 1 countries that are no worse than a 3% decline from Q3 2017	25%

The objectives related to the Codman Neurosurgery acquisition were successfully met, and an amount equal to 11.5% of the cash incentive pool was added as a one-time bonus modifier to create the overall funded pool. Of these additional monies, 78% was allocated to colleagues below the executive level for their significant contributions related to Codman. The remainder was allocated to NEOs based on their contributions toward achieving a successful acquisition and integration.

*Negative Discretion to Determine Final Payout for 2017 Performance*

The Committee has negative discretion to reduce awards for each NEO for 2017 performance based on the following metrics:

65% weight on financial and quantitative measures including revenue, operating cash flow and adjusted EBITDA, in addition to other division-specific financial metrics.

35% weight on qualitative measures including leadership objectives and strategic initiatives.



**Table of Contents***Determining Awards for 2018 Performance under the Bonus Plan*

The Committee reviews competitive benchmark data for our NEOs annually. For 2018, the Committee established the following target awards for the following NEOs based on competitive benchmarking:

Named Executive Officer	Title	Cash Incentive Plan Target
		as a % of Base Salary
Peter J. Arduini	CEO	120%
Glenn G. Coleman	CFO	80%
Robert T. Davis, Jr.	CVP	60%
Richard D. Gorelick	CVP	50%
Daniel L. Reuvers	CVP	60%

None of our NEOs has a cash incentive guarantee. None may earn an award in excess of 200% of his/her target for the 2018 performance year.

The Bonus Plan provides a clear process for determining bonuses for NEOs.

*Threshold Objective for NEOs for 2018 Performance*

The Committee has established a threshold objective for 2018 performance of 70% of prior year Adjusted EBITDA for the NEOs. If the goal is achieved, the bonus for each NEO will be funded at the maximum (200% of his or her target). Thereafter, the Committee may exercise only negative discretion in determining the actual cash incentive payment for each NEO, using only the funding of the Company's annual cash incentive pool pursuant to the metrics set forth in the table below and each NEO's performance.

*Cash Incentive Pool Funding Model for 2018 Performance*

The Bonus Plan funds an overall pool based on financial metrics for all participants. The aggregate amount of the final payments to all participants, including the NEOs, may not exceed the overall funded pool. The Company's pool funding model for 2018 performance is shown below. The Committee approved a change to the weighting of these metrics to provide greater focus on revenue and Adjusted EBITDA. These metrics, for 2018 performance, continue to be key indicators as to the strength of the business, and we believe they drive stockholder returns over the long term. In addition, these metrics provide a sound basis to measure profitability and growth, and we also believe that it is appropriate to utilize them because many stockholders rely upon some or all of these metrics to evaluate the Company.

2018 Performance Metric	Weight	Below Threshold	Performance Goals as a Percent of Target		
			THRESHOLD GOAL	TARGET GOAL	MAX GOAL
REVENUE	40%	95.9%	96%	100%	104%
ADJUSTED EBITDA	40%	92.9%	93%	100%	107%
OPERATING CASH FLOW	20%	84.9%	85%	100%	115%
Cash Incentive Pool Funding as % of Target		0%	20%	100%	150%

*Discretion to Determine Final Payout for 2018 Performance*

The Committee has discretion to reduce awards for each NEO for 2018 performance based on the following metrics:

65% weight on financial and quantitative measures, including revenue, operating cash flow and adjusted EBITDA, and other division-specific financial metrics.

35% weight on qualitative measures, including leadership objectives and strategic initiatives.



**Table of Contents**

***Long-Term Equity Incentive Plan***

*2017 Equity Grants*

We amended our equity plan effective January 1, 2013 (applicable to awards granted on or after that date) (i) to revise the trigger for accelerated vesting after a change in control from a single trigger (meaning that the accelerated vesting shall occur in connection with the change in control) to a double trigger (meaning that the accelerated vesting occurs upon both the change in control and a qualifying termination of employment), and (ii) to add a clawback provision that requires under certain circumstances the return of compensation received on the basis of financial statements that are subsequently restated.

The 2017 annual equity grant to each of our NEOs was based on their performance over the long term and, during 2016, each NEO's long-term potential, retention considerations and information about the market for comparable executives.

In March 2017, Messrs. Coleman, Davis, Gorelick, and Reuvers received an annual equity grant consisting of 50% PSUs, 30% non-qualified stock options, and 20% restricted stock. The restricted stock awarded to the NEOs vests annually over three years. The PSUs vest annually over three years, contingent on achieving our revenue growth goal. The non-qualified stock options vest annually over four years (other than for Mr. Coleman, whose non-qualified stock options vest annually over three years).

In March 2017, Mr. Arduini received an annual equity grant of 50% PSUs, 30% non-qualified stock options, and 20% restricted stock unit. For more information on Mr. Arduini's 2017 annual equity grant, please refer to section entitled Annual Review of Compensation.

The PSUs granted in March 2017 will vest in annual installments (assuming the annual revenue growth performance goal is achieved each year) with a three-year performance period beginning January 1, 2017 and ending December 31, 2019. The target revenue levels also increased for the 2017 PSU cycle from previous cycles to increase the rigor of the program and align with the company's long-term business strategy and growth targets. Each NEO is eligible to vest in and receive a number of shares of the Company's common stock ranging from zero percent (0%) to one-hundred and fifty percent (150%) of the target number of shares of performance stock granted based on the Company's achievement of goals relating to the increase in the Company's annual revenue over the initial revenue target, defined as the Company's revenue for the fiscal year ended December 31, 2016, including partial revenue for the 2017

**Table of Contents**

acquisition of Derma Sciences, during each fiscal year of the performance period running from January 1, 2017 through December 31, 2019 as detailed below:

	<b>Increase in Annual Revenue over the Baseline (Fiscal 2016 plus Partial year Derma Sciences) Revenue Level</b>	<b>Performance Vesting Percentage</b>
<b>2017 PERFORMANCE YEAR</b>		
	< 3%	0%
<b>Threshold Level</b>	3%	50%
<b>Target Level</b>	7%	100%
<b>Maximum Level</b>	<sup>3</sup> 11%	150%
<b>2018 PERFORMANCE YEAR</b>		
	< 6%	0%
<b>Threshold Level</b>	6%	50%
<b>Target Level</b>	14%	100%
<b>Maximum Level</b>	<sup>3</sup> 22%	150%
<b>2019 PERFORMANCE YEAR</b>		
	< 9%	0%
<b>Threshold Level</b>	9%	50%
<b>Target Level</b>	21%	100%
<b>Maximum Level</b>	<sup>3</sup> 33%	150%

If the increase in annual revenue over the initial revenue target for any performance year falls between the threshold level and the target level, then the performance vesting percentage shall be determined by means of linear interpolation between the threshold level's and target level's performance vesting percentages specified above. If the increase in annual revenue over the initial revenue target for any performance year falls between the target level and the maximum level, then the performance vesting percentage shall be determined by means of linear interpolation between the target level's and maximum level's performance vesting percentages specified above.

If the performance goal with respect to a given fiscal year is not achieved at the target level or higher, and the Company achieves the catch-up goal defined as a target cumulative revenue growth rate goal over the three-year performance period, then additional shares of performance stock will vest on the third anniversary of the grant date, as though the performance goal for such fiscal year was achieved at the target level.

*2018 Equity Grants*

Our annual equity grants are intended to provide long-term incentive and performance-based compensation to our NEOs. Accordingly, the amount of the 2018 annual equity grant made to each of our NEOs is based on their performance over the long term and during 2017, each NEO's long-term potential and retention considerations, and information about market practices for comparable executives.

In March 2018, Messrs. Coleman, Davis, Gorelick, and Reuvers each received an annual equity grant consisting of 50% PSUs, 30% non-qualified stock options, and 20% restricted stock. The restricted stock vests annually over three years. For 2018, the Committee approved a change to the PSU annual metric from revenue growth to organic revenue growth excluding divestitures and discontinued products. The

**Table of Contents**

PSUs will continue to vest annually over three years but will be measured against the immediately preceding fiscal year's annual organic revenue. The non-qualified stock options vest annually over four years (other than for Mr. Coleman whose non-qualified stock options vest annually over three years). For information on the CEO's 2018 annual equity award (50% PSUs, 30% non-qualified stock options, and 20% restricted stock units), please refer to the section below entitled "Annual Review of Compensation."

The PSUs granted in March 2018 will vest in annual installments (assuming the annual organic revenue level of growth increased over the immediately preceding fiscal year target) with a three-year performance period beginning January 1, 2018 and ending December 31, 2020. Each NEO is eligible to vest in and receive a number of shares of the Company's common stock ranging from fifty percent (50%) at threshold to one-hundred and fifty percent (150%) of the target number of shares of performance stock granted based on the Company's achievement of goals relating to the growth in the Company's annual organic revenue, excluding divestitures and discontinued products, over the prior year's organic revenue amount during each fiscal year of the performance period running from January 1, 2018 through December 31, 2020 as detailed below:

<b>PERFORMANCE YEAR</b>	<b>Growth in Annual Organic Revenue over Prior Year Organic Revenue</b>	<b>Performance  Vesting Percentage</b>
	< 2%	0%
<b>Threshold Level</b>	2%	50%
<b>Target Level</b>	5%	100%
<b>Maximum Level</b>	<sup>3</sup> 7%	150%

If the growth in annual organic revenue over the immediately preceding fiscal year falls between the threshold level and the target level, then the performance vesting percentage shall be determined by extrapolating between the threshold level, anchor points of 3% annual organic revenue growth (with a 70% performance vesting percentage) and 4% annual organic revenue growth (with an 85% performance vesting percentage), and the target level. If the growth in annual organic revenue over the immediately preceding fiscal year falls between the target level and the maximum level then the performance vesting percentage shall be determined by means of linear interpolation between the target level, an anchor point of 6% annual organic revenue growth (with a 125% performance vesting percentage), and the maximum level.

If the performance goal with respect to a given fiscal year is not achieved at the target level or higher, and the Company achieves the "catch-up" goal defined as an average three-year annual organic revenue growth rate of at least 5.0%, then additional shares of performance stock will vest on the third anniversary of the grant date, as though the performance goal for such fiscal year was achieved at the target level.

*PSUs Metric and Goal Setting Considerations*

Revenue growth is a key measurement for the Company, and is therefore a metric used in our awards of PSUs. For 2018 grants, the Committee approved the use of organic revenue (less divestitures and discontinued products) as the metric for PSUs, which aligns closely with stockholders' interests given the close correlation between organic revenue growth and higher stockholder returns. As a result, we believe that linking our equity grants to organic revenue growth creates an appropriate way to measure and reward performance.

We annually review the metrics (and related goal targets) used in our annual and long-term incentive programs to ensure that they remain aligned with Integra's strategic plan. The three-year annual organic revenue growth goal derives from a rigorous process that involves input and discussions among the President and CEO, and internal human resources and finance personnel.

**Table of Contents****Key Governance Features Relating to Executive Compensation**

The Committee has a number of corporate governance features related to executive compensation, which we summarize below. We believe that these mechanisms assure the alignment of our executive compensation with the interests of stockholders.

<b>Element</b>	<b>Purpose</b>	<b>Key Characteristics</b>
Stock ownership guidelines and retention requirements	To align the long-term interests of NEOs with stockholders	The CEO is required to own shares equal to 6x his annual salary; the CFO is required to own 2x his annual salary; other NEOs are required to own 1x their annual salaries. All of our NEOs have met these requirements. The NEOs are required to hold stock received from the Company pursuant to the stock ownership guidelines.
Compensation recoupment ( clawback ) policy	To ensure that compensation is paid only upon proven results.	If a restatement of our financial statements is required to correct a material error or inaccuracy due to the fraud or intentional misconduct of an NEO, the Committee can recoup from that NEO bonuses or equity awards awarded on or after January 1, 2013 and cancel outstanding bonus or equity award opportunities.
Anti-hedging/pledging policy	To ensure that equity compensation is an effective method to align the interests of NEOs and stockholders.	No NEO may hedge or pledge our securities. Also, all NEOs must pre-clear trades involving Company stock with our Law Department.
No excise tax gross-ups	To reflect sound executive compensation governance practices, manage the cost of compensation to the Company, and recognize that the burden for payment of taxes on income falls on employees.	No NEO is eligible to receive any excise tax gross-ups, such as Section 280G taxes in the event of a change of control.
Double trigger change-in-control arrangements	To prevent undue gains in the event of a change-in-control.	Our equity plans and equity grant agreements require a qualifying termination of employment in addition to a change-in-control in order to accelerate vesting of equity awards granted on or after January 1, 2013. In addition, all change in control provisions in our employment and change-in-control severance agreements for NEOs require a qualifying termination of employment in addition to a change in control before triggering change-in-control benefits.

**Table of Contents**

<b>Element</b>	<b>Purpose</b>	<b>Key Characteristics</b>
Annual equity awards	To retain and attract highly qualified NEOs and tie their performance to the performance of our stock, thus aligning their interests with the interests of our stockholders.	We include annual equity as a primary component of the long-term compensation of our NEOs. In 2017 and 2018, the grant value of the annual equity awards was determined based on each NEO's performance, potential, and competitive market data. In March 2017 and 2018, the CEO received an annual equity award of 50% PSUs, 30% non-qualified stock options, and 20% restricted stock units. In March 2017 and 2018, Messrs. Coleman, Davis, Gorelick and Reuvers received an annual equity award of 50% PSUs, 30% non-qualified stock options, and 20% restricted stock.
Bonus Plan	To provide annual cash incentive opportunities based on the achievement of performance goals.	The Company maintains a performance-based cash incentive plan designed to reward our colleagues appropriately. The plan was adopted by stockholders in 2013, and again in 2017.
Cap on annual cash incentives	To achieve the appropriate balance between fixed and variable compensation.	For performance year 2017, we limit the amount of any annual bonus awarded to any NEO to a maximum of 200% of the related target award.
No minimums or guarantees	To motivate our NEOs to perform under all circumstances.	Our NEOs have no guarantees or minimums related to base salary increases, bonuses or equity awards.
Few perquisites	To focus NEOs on performance elements of compensation.	Our NEOs participate in broad-based Company-sponsored benefits programs on the same basis as other full-time employees, except for the Executive Physical Medical Exam Program noted below.
No SERP	To focus NEOs on performance elements of compensation and long-term value creation.	Our NEOs participate in the same defined contribution retirement plan as other employees.
Risk Management	To conform to Integra's brand promise to limit uncertainty.	We have a strong risk management approach involving a broad spectrum of departments with specific responsibilities assigned to management, the Board and the Board's committees. We review how the Company assesses, addresses, and reports risk annually with the Board.

**Table of Contents**

<b>Element</b>	<b>Purpose</b>	<b>Key Characteristics</b>
Independent Compensation Consultant	To obtain objective input to decision making	Our Committee uses the services of an independent compensation consultant.
Executive Physical Medical Exam Program	To strengthen a culture of health and ensure a holistic approach to our executive remuneration program	The program, implemented in October 2013, provides payment for annual executive physical medical exams for NEOs.

**Process for Determining Compensation and its Components**

At the beginning of 2017, we established performance objectives for each NEO along with variable pay target opportunities for cash incentives and long-term equity incentives. In the first quarter of 2018, the Committee completed a formal performance review for performance year 2017 for the CEO and each NEO. The Committee reviewed the performance of the CEO, and the CEO's assessment of the NEOs, along with market data that the Company's compensation consultants compiled, to determine each element of compensation for performance year 2017. As a result of this work, the Company determined the following: (i) base salary merit increases for 2018, (ii) annual cash incentives based on the cash bonus pool for 2017, paid in March 2018, (iii) long-term equity incentives (annual equity grants) granted in March 2018, and (iv) the CEO's compensation for performance year 2018.

***Components of Integra's Executive Compensation***

Integra's executive compensation consists of fixed pay and variable pay, each of which includes cash and non-cash components. The chart below summarizes the various elements of Integra's executive compensation, and the narrative that follows describes the most important elements and their purposes in greater detail.

*Total Compensation:* We consider total compensation for comparable roles at companies in medical technology, healthcare and general industry, based on the data obtained from published salary surveys that we review, the proxy statements of the companies mentioned below and other materials that the Committee's compensation consultant prepared relying upon such data. We use this data primarily to ensure that our executive compensation program as a whole is competitive.

We continue to emphasize variable pay rather than fixed pay, with target opportunities based on market practices and payments based on performance.

## **Table of Contents**

The following charts are designed to demonstrate the various components of our NEOs' 2017 compensation which place a particular emphasis on variable pay. We believe that these charts are helpful in demonstrating that the components of our NEOs' compensation are aligned with our philosophy.

*Base Salaries:* We establish salaries for NEOs that reflect each executive's experience, expertise, and the complexity of their role as well as current competitive compensation data and internal comparisons. The Committee reviews base salaries of our NEOs annually, and approves increases considering such factors as performance, market competitiveness and affordability.

*Cash Incentives:* The cash bonus pool for 2017 performance, paid in March 2018, was funded at 121% overall based on the Company's performance against 2017 financial targets. Individual payment recommendations were based on performance (65% weighting on quantitative and 35% weighting on qualitative objectives) and the relevant NEO's target opportunity. In addition, the Committee approved a one-time cash bonus modifier for Messrs Arduini, Coleman, Reuvers and Gorelick for the 2017 cash incentive based on the achievement of performance objectives related to the successful integration of Codman Neurosurgery.

*Long-Term Equity Incentives:* Our equity grants align NEOs with our stockholders' interests and are based on performance and retention needs and facilitate long-term stock ownership. The main terms and features of our equity grants include the following:

Restricted Stock Awards: Annual vesting over three years.

Restricted Stock Units: Granted to the CEO with three-year vesting and deferral of payments until after departure.

Non-Qualified Stock Options: The CEO's non-qualified stock options vest as to one-third of the shares on the first anniversary of the grant date and thereafter in monthly installments through the third anniversary of such grant date. In addition, non-qualified stock options granted to NEOs as part of their respective annual equity grants will vest annually over four years, except for the CFO, whose non-qualified stock options will vest annually over three years.

## **Table of Contents**

PSUs: Annual vesting over three years based on achievement of annual revenue growth goals, as detailed in the discussion above.

### **Equity Grant Practices**

In addition to describing the types of grants the Company provides, we believe that a discussion of our practices surrounding our grants is useful to underscore the procedures behind the grants. The Committee considers the performance of the Company, performance of individuals over the short-term as well as their potential over the long-term and market considerations in determining the value and type of equity for annual equity awards.

The following is a summary of our practices:

The Committee approves equity awards for NEOs after it completes its annual review process for the individuals eligible to receive equity grants, and bases its decisions, at its discretion, on their short- and long-term performance, the Company's performance in the prior year, and the need to stay competitive in the market for executive talent.

The Special Award Committee, consisting of our CEO, has authority (within specified limits) to approve equity-based awards to other managers, and typically approves annual awards during the first quarter, and throughout the year for strategic new hires, selected promotions, and key retention needs. We expect these practices to continue.

We make decisions to grant equity awards without regard to anticipated earnings or other major announcements by the Company.

We require all NEOs and substantially all U.S. based employees to have signed a non-competition agreement or, where applicable law does not support non-competition agreements, a confidentiality agreement that includes provisions regarding non-solicitation and assignment of inventions or an employment or severance agreement with non-competition provisions, as a condition to, among other things, employment and, for those eligible, receiving an equity award.

The exercise price of our non-qualified stock options is equal to the closing price of our common stock on the NASDAQ Global Select Market on the date of grant. This practice with respect to setting stock option exercise prices is consistent with the terms of our equity incentive plans.

Our 2003 Equity Incentive Plan provides that, without stockholder approval, no amendment may be made that would reprice outstanding awards.

### **Other Components of Integra's Executive Compensation**

*Stock Ownership Guidelines and Retention Requirements:* All of our NEOs have met their stock ownership guidelines and retention requirements.

*Benefits:* Our NEOs participate in our benefits offerings on the same basis as all other employees except for the Executive Physical Medical Exam Program. This program provides payment for a comprehensive annual physical medical exam for each of our NEOs. This program aligns with the Company's culture of health, which also supports improved performance. Each NEO is encouraged to complete an exam in 2018.

*Perquisites:* We provide our NEOs with no other perquisites and benefits (other than an executive physical).

See Annual Review of Compensation for additional information, including a description of the goals and each executive's achievements.

### **Our Peer Group and the Markets in Which We Compete**



## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

As one of several factors in considering approval of Integra's compensation programs, the Committee compares Integra's compensation programs and performance against those maintained by an approved peer group of companies. The compensation peer group, which is periodically reviewed and updated by the Committee, consists of companies that are similar in size (revenue and market capitalization), in the same industry as Integra, and with whom Integra may compete for executive talent.

**Table of Contents**

In selecting peer companies, the Committee evaluates the comparability of those companies in terms of complexity of products and manufacturing processes, number and variety of product lines, technical complexity, and global reach as well as considering where Integra competes for executive talent and the size of the organizations in terms of revenue and market capitalization. In 2017, after reviewing all of the relevant criteria with Willis Towers Watson, the Committee's compensation consultant, the Committee made the following changes to the Company's peer group from 2016 to more closely align to Integra's business strategy and increased revenue: (i) removed Cantel Medical, Inc. and Orthofix International and (ii) added West Pharmaceuticals. Integra is currently at the 43<sup>rd</sup> percentile for median revenue when compared to the peer group. The revised peer group consists of the following companies:

**Integra's Peer Group**

ABIOMED, Inc.	Invacare Corporation
Align Technology, Inc.	Masimo Corporation
C.R. Bard, Inc.	NuVasive, Inc.
CONMED Corporation	ResMed, Inc.
Edwards Lifesciences Corporation	Steris Plc.
Haemonetics Corporation	Teleflex Incorporated
Hill-Rom Holdings, Inc.	The Cooper Companies, Inc.
Hologic, Inc.	Varian Medical Systems, Inc.
Integer Holdings Corporation	Wright Medical Group N.V.
Intuitive Surgical, Inc.	West Pharmaceutical Services, Inc.

**Annual Review of Compensation**

We make decisions regarding NEO compensation (salary increases, bonus payments and equity grants) in connection with our annual performance review process. The 2018 annual equity grants are based on the performance of the Company in 2017, the performance of individuals over the short and long term, market considerations, each respective executive's long-term potential, and the Committee's desire to provide adequate incentive to motivate the executive's continued performance.

For fiscal year 2017, we completed our review process for our NEOs in February 2018, and granted the equity awards in March 2018. Thus, pursuant to the SEC rules, the equity grants awarded to the NEOs in 2018 for 2017 performance do not appear in the Summary Compensation Table for 2017. The Company accounts for equity in accordance with FASB ASC Topic 718. We anticipate that we will adhere to a similar timetable for the annual reviews of performance and compensation for our NEOs in future years.

The following discussion sets forth the Committee's actions for 2017 and, to the extent already taken, for certain 2018 items. See Compensation of Executive Officers and the tables and footnotes in that section for complete information.

***Peter J. Arduini, President and Chief Executive Officer***

At the beginning of 2018, the Committee conducted a formal review of Integra's overall performance and Mr. Arduini's 2017 performance, with a focus on key financial and other quantitative metrics as well as important qualitative objectives. This assessment of performance in 2017 and over the long term, along with a review of competitive compensation and his specific accomplishments as described below, served as the basis for decisions regarding Mr. Arduini's compensation.

***Performance Highlights Include the Following:***

In 2017, under Mr. Arduini's leadership as President and CEO, Integra executed and delivered on key strategic, operational, and talent management priorities. Mr. Arduini managed the business well, increased value for stockholders, improved the overall infrastructure of the Company, focused the Company's portfolio and

## **Table of Contents**

resources on select markets, and defined plans for and showed early results of an accelerating growth portfolio. The Committee considered the following accomplishments in rendering its assessment:

Acquired and integrated Derma Sciences Inc., expanding our advanced wound care franchise with a broad set of market leading products and nearly doubling the size of our outpatient wound care sales channel. This acquisition also expanded our regenerative portfolio with the addition of an amniotic tissue-based technology platform;

Closed the acquisition of the Codman Neurosurgery business from Johnson & Johnson. This is the largest acquisition in the Company's history and is transformational for Integra. The acquisition of the Codman business significantly enhances the Company's position in the global neurosurgery market by adding a globally recognized brand that includes a broad portfolio of market leading neurosurgery products, and expands our sales channel by 30% inside the U.S. and by 50% outside the U.S. Additionally the global infrastructure acquired with Codman accelerates Integra's plans to expand outside the U.S., and creates the platform through which the balance of Integra's product portfolio can eventually be marketed and sold globally. The Codman product lines also will be important contributors to achieving Integra's long-term margin expansion targets.

Achieved reported revenue growth of 19.8% and organic revenue growth of 4.6% for the full year 2017, while planning for closing and integrating, and then closing and integrating the two largest acquisitions in the Company's history;

Successfully launched seven new regenerative products, and the CUSA® Clarity ultrasonic tissue ablation platform, as well as effecting multiple new product registrations globally;

In the fourth quarter of 2017, the Company initiated a plan to invest in, and expand, our channels within the Orthopedics and Tissue Technologies segment in the U.S. This plan includes a move from two to four dedicated channels and the addition of product specialists at certain call points, all of which should help increase the focus of our sales teams and result in higher sales growth;

Increased international sales to 30% of the Company's overall sales, resulting primarily from the contribution of the Codman Neurosurgery acquisition and from strength in sales of products deriving from our regenerative technologies; and,

Increased our borrowing capacity from \$1.5 billion to \$2.2 billion with a \$700 million incremental term loan. This expanded facility provided funding for the Codman Neurosurgery acquisition and helps retain the strength and flexibility of our balance sheet. The Committee also considered his leadership and key talent hires made during 2017, as well as his key achievements relating to strategy, employee development, and process improvement.

Based on all of the above achievements, which enabled the Company to exceed its financial targets and position the Company for growth, the Committee approved compensation actions for Mr. Arduini as follows:

### *Base Salary*

2017: An increase in base salary of \$26,553 or 3% to \$911,662 effective April 1, 2017 (Integra's global salary increase effective date) as a result of Mr. Arduini's accomplishments in 2016.

## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

2018: An increase in base salary of \$48,338 or 5.3% to \$960,000 effective April 1, 2018 (Integra's global salary increase effective date) as a result of Mr. Arduini's accomplishments in 2017 as discussed above.

### *Annual Cash Incentive*

Mr. Arduini's employment agreement provides for a target bonus opportunity of 110% of base salary in 2017.

For 2017, the Committee determined to award Mr. Arduini a cash bonus of \$1,213,422, approximately 121% of target, paid in March 2018 for 2017 performance pursuant to the Bonus Plan. Mr. Arduini also received a one-time bonus modifier in the amount of \$250,000 for meeting performance metrics related to the successful acquisition and integration of the Codman Neurosurgery business.

**Table of Contents**

*Long-Term Equity Incentive*

The Company's philosophy is to tie a significant portion of annual equity awards to performance. The Committee and management consider non-qualified stock options and PSUs as performance-based equity and the Committee granted Mr. Arduini 80% of his annual equity award in performance-based equity (50% PSUs and 30% non-qualified stock options).

2017 Annual Grant: Based on Mr. Arduini's short-and long-term performance taking 2016 into account, retention, and market considerations, the Committee approved a grant of \$4,750,000, which was granted in March 2017, allocated as follows: (i) 20% in the form of restricted stock units with annual vesting over three years and a deferral feature that provides the award will be paid following the six-month anniversary of Mr. Arduini's termination; (ii) 30% in the form of non-qualified stock options; and (iii) 50% in the form of PSUs with annual vesting over a three-year performance period based on achieving revenue growth goals. The value of the March 2017 equity grant and resulting total direct compensation falls between the median and the 75th percentile of the peer group and emphasizes the importance of aligning CEO compensation with stockholder interests and rewards Mr. Arduini for significant accomplishments the Company made under his leadership.

2018 Annual Grant: Based on Mr. Arduini's short and long-term performance taking 2017 into account, retention, and market considerations, the Committee approved a grant of \$5,450,000, which was granted in March 2018, allocated as follows: (i) 20% in the form of restricted stock units (19,385 shares of restricted stock units) with annual vesting over three years and a deferral feature that provides the award will be paid following the six-month anniversary of Mr. Arduini's termination; (ii) 30% in the form of non-qualified stock options (75,069 shares of non-qualified stock options); and (iii) 50% in the form of PSUs (48,462 shares of PSUs at target) with annual vesting over three years based on the achievement of annual organic revenue growth goals. The value of the March 2018 equity grant and resulting total direct compensation falls between the median and the 75th percentile of the peer group and emphasizes the importance of aligning CEO compensation with stockholder interests and rewards Mr. Arduini for significant continued accomplishments the Company made under his leadership.

The underlying shares for the restricted stock unit grants in 2017 and 2018 will be deferred and will be delivered to Mr. Arduini within the 30-day period immediately following the six-month anniversary of his separation from service.

Vesting of the following PSU grants occurred in 2017 and 2018 because the Company achieved the pre-established revenue growth performance goals which covers their respective performance periods in 2016 and 2017:

**PSUs VESTING IN 2017**

March 2014 PSU grant    third performance period vested at target;

March 2015 PSU grant    second performance period vested at target; and

March 2016 PSU grant    first performance period vested at 150% of the target number of shares.

**PSUs VESTING IN 2018**

March 2015 PSU grant    third performance period vested at target;

Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

March 2016 PSU grant second performance period vested at 150% of the target number of shares; and

March 2017 PSU grant first performance period vested at 150% of the target number of shares.

***Mr. Arduini's Compensation for 2017***

The Company's overall approach to Mr. Arduini's compensation is consistent with the Company's compensation philosophy in rewarding his strong leadership and individual performance, which is highlighted by

**Table of Contents**

his accomplishments as stated above, while, at the same time, providing Mr. Arduini with significant equity incentives so as to further ensure his alignment with the interests of the stockholders (a significant portion of Mr. Arduini's compensation has a deferral feature pursuant to which Mr. Arduini will not receive the applicable shares of Integra stock until thirty days after the six-month period following his departure from the Company). The Committee determined that the Company exceeded its financial targets and was positioned for future growth under Mr. Arduini's leadership in 2017. Accordingly, in 2017 the Company awarded Mr. Arduini a market competitive compensation package, substantially in the form of performance-based equity (80% of his annual equity award).

Mr. Arduini's reported total compensation increased from approximately \$6.8 million in 2016 to approximately \$7.1 million for his performance in 2017, as illustrated in the table below. This increase in total compensation primarily resulted from the Committee's wanting to ensure that Mr. Arduini's opportunity for total compensation remained competitive with the market and to recognize his performance and the Company's performance in 2017. As a result, the Committee awarded him a \$5.45 million equity grant, which was granted in March 2018 and apportioned among the various types of equity described above. Also, the Committee approved a cash bonus award of \$1.463 million, which consisted of a cash bonus award at 121% of Mr. Arduini's target bonus paid in March 2018, in alignment with the Company's achievement of its performance metrics; and a \$250,000 one-time cash bonus modifier for successfully meeting the performance objectives associated with the acquisition and integration of the Codman Neurosurgery business. In addition, the Committee approved a 5.3% base salary increase for 2018. For 2016, 2017 and 2018, a majority of his compensation is at risk and dependent upon future performance (80% of his 2016, 2017 and 2018 equity grants are performance-based). The following chart outlines the breakdown of Mr. Arduini's compensation for 2016 and 2017 as well as his compensation received in March 2018 for his 2017 performance.

***Glenn G. Coleman, Corporate Vice President and Chief Financial Officer***

Mr. Coleman is Corporate Vice President and Chief Financial Officer. In assessing his performance, the Committee considered Mr. Coleman's performance against his objectives and his overall contributions to the Company. In assessing Mr. Coleman's performance, the Committee considered his strong performance against his objectives and contribution to the Company's success in 2017. Highlights of his contributions include the following: 1) the achievement of key financial metrics for the Company in 2017; 2) guiding the Company through the acquisitions of the Codman Neurosurgery business and Derma Sciences, Inc.; 3) securing the financing for the acquisition of the Codman Neurosurgery business under favorable credit terms; and 4) achievement of objectives associated with Integra's International business. Based on his contributions in these areas the Committee approved the following compensation actions:

***Base Salary***

2017: An increase in base salary of \$15,750 or 2.65% to \$540,000 effective April 1, 2017 (Integra's global salary increase effective date) to reflect Mr. Coleman's performance in 2016.

2018: An increase in base salary of \$21,600 or 4% to \$561,600 effective April 1, 2018 (Integra's global salary increase effective date) to reflect Mr. Coleman's performance in 2017.

---

**Table of Contents**

*Annual Cash Incentive*

For 2017, the Committee awarded Mr. Coleman a cash bonus of \$490,000, approximately 121% of target, paid in March 2018 for 2017 performance pursuant to the Bonus Plan. Mr. Coleman also received a one-time bonus modifier in the amount of \$100,000 for meeting performance metrics related to the successful acquisition and integration of the Codman Neurosurgery business.

*Long-Term Equity Incentive*

2017 Annual Grant: Based on Mr. Coleman's 2016 performance and market considerations, the Committee approved a grant of \$1,150,000, which was granted in March 2017, and allocated as follows: (i) approximately 20% in the form of restricted stock with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options with annual vesting over three years; and (iii) approximately 50% in the form of PSUs with annual vesting over a three-year performance period based on the achievement of revenue growth goals.

2018 Annual Grant: Based on Mr. Coleman's 2017 performance and market considerations, the Committee approved a grant of \$1,242,000, which was granted in March 2018, allocated as follows: (i) approximately 20% in the form of restricted stock (4,418 shares of restricted stock) with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options (17,108 shares of non-qualified stock options) with annual vesting over three years; and (iii) approximately 50% in the form of PSUs (11,044 shares of PSUs at target) with annual vesting over three years based on the achievement of annual organic revenue growth goals.

Vesting of the following PSU grants occurred in 2017 and 2018 because the Company achieved the pre-established revenue growth performance goals which covers their respective performance periods in 2016 and 2017:

**PSU VESTING IN 2017**

March 2014 PSU grant    third performance period vested at target;

March 2015 PSU grant    second performance period vested at target; and

March 2016 PSU grant    first performance period vested at 150% of the target number of shares.

**PSU VESTING IN 2018**

March 2015 PSU grant    third performance period vested at target;

March 2016 PSU grant    second performance period vested at 150% of the target number of shares; and

March 2017 PSU grant    first performance period vested at 150% of the target number of shares.

*Other:* Mr. Coleman does not have an employment agreement with the Company.

***Richard D. Gorelick, Corporate Vice President, General Counsel, Administration and Secretary***



## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

Mr. Gorelick is the Corporate Vice President General Counsel, Administration and Secretary and manages the Law Department. In assessing his performance, the Committee considered Mr. Gorelick's performance against his objectives and overall contributions, including leadership through the Codman Neurosurgery business and Derma Sciences, Inc. acquisitions, and his expertise in managing the global legal function, crisis management, managing litigation and employment law matters and continued development of members of the Law Department. Based on his contributions in these areas the Committee approved the following compensation actions:

### *Base Salary:*

2017: An increase in base salary of \$10,000 or 2.58% to \$397,188 effective April 1, 2017 (Integra's global salary increase effective date) to reflect Mr. Gorelick's performance in 2016.

**Table of Contents**

2018: An increase in base salary of \$11,916 or 3% to \$409,104 effective April 1, 2018 (Integra's global salary increase effective date) to reflect Mr. Gorelick's performance in 2017.

*Annual Cash Incentive*

For 2017, the Committee awarded Mr. Gorelick a cash bonus of \$215,000, 120% of target, paid in March 2018 for 2017 performance pursuant to the Bonus Plan. Mr. Gorelick also received a one-time bonus modifier in the amount of \$100,000 for meeting performance metrics related to the successful acquisition and integration of the Codman Neurosurgery business.

*Long-Term Equity Incentive:*

2017 Annual Grant: Based on Mr. Gorelick's 2016 performance and market considerations, the Committee approved a grant of \$315,000, which was granted in March 2017, and allocated as follows: (i) approximately 20% in the form of restricted stock with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options with annual vesting over four years; and (iii) approximately 50% in the form of PSUs, with annual vesting over a three-year performance period based on the achievement of revenue growth goals.

2018 Annual Grant: Based on Mr. Gorelick's 2017 performance and market considerations, the Committee approved a grant of \$350,000, which was granted in March 2018, and allocated as follows: (i) approximately 20% in the form of restricted stock (1,245 shares of restricted stock) with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options (4,821 shares of non-qualified stock options) with annual vesting over four years; and (iii) approximately 50% in the form of PSUs (3,113 shares of PSUs at target), with annual vesting over three years based on the achievement of annual organic revenue growth goals.

Vesting of the following PSU grants occurred in 2017 and 2018 because the Company achieved the pre-established revenue growth goals which covers their respective performance periods in 2016 and 2017:

**PSU VESTING IN 2017**

March 2014 PSU grant    third performance period vested at target;

March 2015 PSU grant    second performance period vested at target; and

March 2016 PSU grant    first performance period vested at 150% of the target number of shares.

**PSU VESTING IN 2018**

March 2015 PSU grant    third performance period vested at target;

March 2016 PSU grant    second performance period vested at 150% of the target number of shares; and

March 2017 PSU grant    first performance period vested at 150% of the target number of shares.

*Robert T. Davis, Jr., Corporate Vice President and President    Orthopedics and Tissue Technologies*

## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

Mr. Davis is Corporate Vice President and President Orthopedic and Tissue Technologies. In assessing his performance, the Committee considered Mr. Davis's performance against his objectives in 2017. His contributions included the following: 1) launched channel expansion strategy resulting in four vertical channels and incremental sales headcount to support the growth of the division; 2) led the successful integration of Derma Sciences Inc.; and 3) successfully launched 11 new products. Based on his contributions in these areas the Committee approved the following compensation actions:

### *Base Salary*

2017: An increase in base salary of \$15,000 or 3.49% to \$445,000, effective April 1, 2017 (Integra's global salary increase effective date) to reflect Mr. Davis's performance in 2016.

---

**Table of Contents**

2018: An increase in base salary of \$17,800 or 4% to \$462,800, effective April 1, 2018 (Integra's global salary increase effective date) to reflect Mr. Davis' performance in 2017.

*Annual Cash Incentive*

For 2017, the Committee awarded Mr. Davis a cash bonus of \$360,000, 135% of target, paid in March 2018 for 2017 performance pursuant to the Bonus Plan.

*Long-Term Equity Incentive*

2017 Annual Grant: Based on Mr. Davis' 2016 performance and market considerations, the Committee approved a grant of \$625,000, which was granted in March 2017, and allocated as follows: (i) approximately 20% in the form of restricted stock with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options with annual vesting over four years; and (iii) approximately 50% in the form of PSUs, with annual vesting over a three-year performance period based on the achievement of revenue growth goals.

2018 Annual Grant: Based on Mr. Davis' 2017 performance and market considerations, the Committee approved a grant of \$625,000, which was granted in March 2018, and allocated as follows: (i) approximately 20% in the form of restricted stock (2,224 shares of restricted stock) with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options (8,609 shares of non-qualified stock options) with annual vesting over four years; and (iii) approximately 50% in the form of PSUs (5,558 shares of PSUs at target), with annual vesting over three years based on the achievement of annual organic revenue growth goals.

Vesting of the following PSU grants occurred in 2017 and 2018 because the Company achieved the pre-established revenue growth goals which covers their respective performance periods in 2016 and 2017:

**PSU VESTING IN 2017**

March 2014 PSU grant    third performance period vested at target;

March 2015 PSU grant    second performance period vested at target; and

March 2016 PSU grant    first performance period vested at 150% of the target number of shares.

**PSU VESTING IN 2018**

March 2015 PSU grant    third performance period vested at target;

March 2016 PSU grant    second performance period vested at 150% of the target number of shares; and

March 2017 PSU grant    first performance period vested at 150% of the target number of shares.

*Daniel L. Reuvers, Corporate Vice President and President    Codman Surgical Solutions*

## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

Mr. Reuvers is Corporate Vice President and President Codman Specialty Surgical. In assessing his performance, the Committee considered Mr. Reuvers' performance against his objectives and his overall achievement of critical milestones, business metrics and the following significant contributions: 1) successful global launch of CUSA Clarity; and 2) leading the organization through the closing and integration of the Codman Neurosurgery business. Based on his contributions in these areas the Committee approved the following compensation actions:

### *Base Salary*

2017: An increase in base salary of \$8,000 or 2.16% to \$378,000 effective April 1, 2017 (Integra's global salary increase effective date) to reflect Mr. Reuvers' performance in 2016. In addition, the Committee approved an increase in base salary of \$22,680 or 6% to \$400,680 effective December 11, 2017.

---

**Table of Contents**

2018: An increase in base salary of \$24,320 or 6.07% to \$425,000 effective April 1, 2018 (Integra's global salary increase effective date) to reflect Mr. Reuvers' performance in 2017.

*Annual Cash Incentive*

For 2017, the Committee awarded Mr. Reuvers a cash bonus of \$225,000, 112% of target, paid in March 2018 for 2017 performance pursuant to the Bonus Plan. Mr. Reuvers also received a one-time bonus modifier in the amount of \$150,000 for meeting performance metrics related to the successful acquisition and integration of the Codman Neurosurgery business.

*Long-Term Equity Incentive*

2017 Annual Grant: Based on Mr. Reuvers' 2016 performance and market considerations, the Committee approved a grant of \$375,000, which was granted in March 2017, and allocated as follows: (i) approximately 20% in the form of restricted stock with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options with annual vesting over four years; and (iii) approximately 50% in the form of PSUs, with annual vesting over a three-year performance period based on the achievement of revenue growth goals.

2018 Annual Grant: Based on Mr. Reuvers' 2017 performance and market considerations, the Committee approved a grant of \$560,000, which was granted in March 2018, and allocated as follows: (i) approximately 20% in the form of restricted stock (1,992 shares of restricted stock) with annual vesting over three years; (ii) approximately 30% in the form of non-qualified stock options (7,714 shares of non-qualified stock options) with annual vesting over four years; and (iii) approximately 50% in the form of PSUs (4,980 shares of PSUs at target), with annual vesting over three years based on the achievement of annual organic revenue growth goals.

Vesting of the following PSU grants occurred in 2017 and 2018 because the Company achieved the pre-established revenue growth goals which covers their respective performance periods in 2016 and 2017:

**PSU VESTING IN 2017**

March 2014 PSU grant    third performance period vested at target;

March 2015 PSU grant    second performance period vested at target; and

March 2016 PSU grant    first performance period vested at 150% of the target number of shares.

**PSU VESTING IN 2018**

March 2015 PSU grant    third performance period vested at target;

March 2016 PSU grant    second performance period vested at 150% of the target number of shares; and

March 2017 PSU grant    first performance period vested at 150% of the target number of shares.

**Oversight and Authority over Executive Compensation**

*Role of the Compensation Committee and its Adviser*

The Committee oversees and provides strategic direction to management regarding Integra's compensation for NEOs. It determines the compensation of the CEO, and reviews and approves the compensation of the remaining NEOs.

Each Committee member is an independent non-employee director with experience in executive compensation matters.

The Committee retains Willis Towers Watson PLC as a consultant on executive compensation matters. Willis Towers Watson provides market analyses and recommendations that inform the Committee's decisions,

## **Table of Contents**

provides updates on market trends and the regulatory environment as it relates to executive compensation, reviews various management proposals presented to the Committee related to executive compensation, and works with the Committee to validate and strengthen the pay-for-performance relationship and alignment with stockholders.

Pursuant to the rules of the Securities and Exchange Commission ( SEC ), the Committee has reviewed the SEC 's independence factors for compensation advisers and concluded that no conflict of interest exists that would prevent Willis Towers Watson from independently representing the Committee. In 2017, Willis Towers Watson provided consulting services only to the Committee.

Willis Towers Watson periodically meets with the Committee chair and the Committee in executive session outside the presence of management.

The Committee met six times in 2017; the Committee also meets periodically in executive sessions. The Committee 's independent advisers participated in several of the Committee 's meetings and, when requested by the Committee chair, in the preparatory meetings.

### ***Role of Chief Executive Officer and Management in Executive Compensation***

Our CEO provides significant input on the compensation for his direct reports and other NEOs beginning with an annual review of performance including merit increases, cash incentive payments, and long-term equity incentive awards. In addition, he attends meetings of the Committee, except when the Committee meets in executive session without the CEO present, to discuss the CEO 's performance and compensation. As discussed under Annual Review of Compensation, the Committee approves the compensation of the NEOs, taking into consideration the recommendations of our CEO.

On an annual basis, management considers market competitiveness, business results, experience and individual performance in evaluating executive compensation. The Chief Human Resources Officer and members of Integra 's human resources organization, together with members of the finance and legal organizations, work with the CEO to assist the Committee in designing and developing compensation programs, to recommend changes to existing plans and programs applicable to NEOs and other senior executives, to recommend financial and other targets to be achieved under those programs, to prepare analyses of financial data, peer comparisons and other briefing materials to assist the Committee in making its decisions, to recommend compensation actions for NEOs other than the CEO and, ultimately, to implement the decisions of the Committee.

### **Tax and Accounting Matters**

#### ***Tax***

Section 162(m) of the Internal Revenue Code disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for covered employees. Prior to the Tax Cuts and Jobs Act of 2017 (the TCJA ), covered employees generally consisted of our CEO and each of the next three highest compensated officers serving at the end of the taxable year other than our CFO, and compensation that qualified as performance-based under Section 162(m) was exempt from this \$1 million deduction limitation. As part of the TCJA, the ability to rely on this exemption was, with certain limited exceptions, eliminated; in addition, the definition of covered employees was expanded to generally include all named executive officers. Although we maintain compensation plans that originally were intended to permit the payment of compensation deductible under Section 162(m), subject to the TCJA 's limited transition relief rules, we may no longer be able to take a deduction for any compensation in excess of \$1 million that is paid to a covered employee.

The Committee also endeavors to structure NEO compensation in a manner that is either compliant with, or exempt from, the application of Section 409A of the Internal Revenue Code, the provisions of which may impose additional taxes to employees.

#### ***Accounting***

We account for stock-based compensation in accordance with FASB ASC Topic 718, which requires us to recognize compensation expense for share-based payments (including non-qualified stock options, restricted



## **Table of Contents**

stock, restricted stock units, PSUs and other forms of equity compensation). The Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to equity compensation awards. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Although the Committee generally considers the tax and accounting implications of its compensation decisions, the primary drivers for determining the amount and form of executive compensation are the attraction, motivation and retention of executive talent rather than the Internal Revenue Code or accounting requirements.

### **Post-Employment Arrangements**

In February 2017, we entered into change-in-control severance agreements with Messrs. Coleman, Gorelick, Davis, and Reuvers that expired January 31, 2018 (the Change-in-Control Severance Agreements). The Change-in-Control Severance Agreements provided for the payment of severance and other benefits to the executives in the event of a qualifying termination, which means a termination of employment with the Company without cause or by the executive for good reason, in either case, on or within two years following a change in control of the Company (each, as defined in the Change-in-Control Severance Agreements). Thereafter, the Company entered into new change-in-control severance agreements in February 2018 for Messrs. Coleman, Gorelick, Davis, and Reuvers providing for the same payment of severance and other benefits as stated in the expired Change-in-Control Severance Agreements. These new change-in-control severance agreements do not provide for any excise tax gross-ups and have double-trigger cash payments. These new change-in-control severance agreements will expire in January 2019.

Details of the severance provisions are described in Potential Payments Upon Termination of Change in Control. See Employment Agreements and Severance Agreement Matters for additional information.

### **Employment Agreement and Severance Agreement Matters**

#### ***Peter J. Arduini***

The Company initially determined to enter into an employment agreement with Mr. Arduini in order to recruit him from a highly compensated, senior position at Baxter International, a global medical device company with almost \$14 billion in annual revenues in 2011, to induce him to relocate his family, to provide some security commensurate with the risks undertaken in such a considerable career and geographic move, and to provide him with appropriate incentives to help the Company grow. The Company amended that agreement upon Mr. Arduini's promotion to President and Chief Executive Officer to provide him with an appropriate blend of incentives and severance payments to reflect his greater responsibilities and address the risks undertaken with such a position. The Company then amended and restated Mr. Arduini's employment agreement, as it was set to expire December 31, 2014, and then most recently again in October 2017, as it was set to expire December 31, 2017, for retention purposes, as well as the desire to motivate Mr. Arduini to improve the Company's performance and continue to position Integra for future growth. The terms of the amended and restated employment agreement are described below.

On October 24, 2017, the Company entered into the Third Amended and Restated Employment Agreement with Mr. Arduini (the Arduini Agreement). The Arduini Agreement is effective January 1, 2018, and amends and restates the Second Amended and Restated Employment Agreement between the Company and Mr. Arduini, dated June 16, 2014, that was scheduled to expire on December 31, 2017.

Unless earlier terminated, the term of the Arduini Agreement will terminate on December 31, 2020. If a change in control of the Company were to occur prior to the expiration of the term, the employment period will instead continue through the later of December 31, 2020, or the second anniversary of the consummation of the change in control.

Under the Arduini Agreement, Mr. Arduini is entitled to receive an annual base salary of \$911,662, and he remains eligible for an annual bonus opportunity targeted at 120% of his annual base salary. Mr. Arduini's bonus opportunity will range from 50% of his target annual bonus opportunity (if threshold performance goals are achieved) to a maximum of 200% of his target annual bonus opportunity.

---

**Table of Contents**

Mr. Arduini's base salary is subject to annual review and may be increased in the discretion of the Company.

The Arduini Agreement provides that Mr. Arduini is eligible to receive a discretionary annual equity award, with the amount, form and mix of such award to be determined by the Committee in its discretion after giving consideration to annual equity-based awards granted to chief executive officers in the Company's peer group. Any annual equity awards will be granted pursuant to award agreements on forms substantially similar to the applicable form attached to the Arduini Agreement, which include provisions for accelerated time-vesting in connection with Mr. Arduini's retirement. The Arduini Agreement also provides that each current and future equity award held by Mr. Arduini that provides for double trigger accelerated vesting will provide for accelerated vesting upon a qualifying termination that occurs on or within 24 months following a change in control. In addition, Mr. Arduini's non-qualified stock options will remain exercisable for up to two years following a qualifying termination or such longer period of time provided in the applicable option agreement.

The Arduini Agreement contains non-compete and non-solicitation covenants that extend for 18 months following a termination of Mr. Arduini's employment (or 12 months in the event of a termination due to the expiration of the employment term). Further, the Company will reimburse Mr. Arduini for up to \$15,000 in legal fees and expenses incurred in connection with the drafting, review and negotiation of the Arduini Agreement.

Under the Arduini Agreement, if Mr. Arduini's employment is terminated outside the context of a change in control by the Company other than for cause, death or disability, or by Mr. Arduini for good reason (each, as defined in the Arduini Agreement), then, in addition to accrued amounts, Mr. Arduini will be entitled to the following payments and benefits:

A lump-sum payment equal to 2.99 times Mr. Arduini's annual base salary;

Company-subsidized healthcare continuation coverage for Mr. Arduini and his dependents for up to eighteen months after his termination date; and

Company-paid life and disability insurance premiums for Mr. Arduini for up to eighteen months after his termination date.

If Mr. Arduini's employment is terminated by the Company within twenty-four months following a change in control by the Company other than for cause, death or disability, or by Mr. Arduini for good reason, then Mr. Arduini will be entitled to receive the same payments and benefits as in the non-change in control context, except: (i) the lump-sum cash payment will instead equal 2.99 times the sum of Mr. Arduini's annual base salary and target bonus and (ii) Mr. Arduini will receive a pro-rata portion of his annual bonus for the year of termination, determined based on actual performance.

If Mr. Arduini's employment is terminated due to his death, then his estate will receive (i) a lump sum cash payment equal to Mr. Arduini's annual base salary, and (ii) Company-subsidized healthcare continuation coverage for up to twelve months after his termination date.

Mr. Arduini's right to receive the severance payments pursuant to the Arduini Agreement (other than upon his death) is contingent on Mr. Arduini's executing a general release of claims against the Company (provided that the Company also executes a general release of claims against Mr. Arduini). In addition, to the extent that any payment or benefit received in connection with a change in control would be subject to an excise tax under Section 4999 of the Internal Revenue Code, such payments and/or benefits will be subject to a best pay cap reduction if such reduction would result in a greater net after-tax benefit to Mr. Arduini than receiving the full amount of such payments.

***Change-in-Control Severance Agreements for Other Executive Officers***

In February 2017, the Company entered into Change-in-Control Severance Agreements with Messrs. Coleman, Gorelick, Davis, and Reuvers in order to keep such executives engaged both before and during any possible impending deals or transactions, as well as the need for continuity in management after any potential change in control. Each Change-in-Control Severance Agreement provides for the payment of severance and other benefits to the executives in the event of a qualifying termination, which means a termination of

**Table of Contents**

employment with the Company without cause or by the executive for good reason, in either case, on or within two years following a change in control of the Company and so long as such change in control occurred by January 31, 2018 (each, as defined in the Change-in-Control Severance Agreements). In the event of a qualifying termination, the Change-in-Control Severance Agreements provide for

a lump sum payment equal to 1.5 times (or 2.0 times in the case of Mr. Coleman) the sum of the executive's annual base salary and target cash bonus;

a lump sum payment equal to a pro rata portion of the executive's target cash bonus for the partial fiscal year in which the termination occurs;

Company-subsidized COBRA premium payments for up to eighteen months following the termination date; and

Company-paid outplacement services for up to twelve months following the termination date.

The executive's right to receive the severance payments and benefits described above is subject to his delivery and non-revocation of an effective general release of claims in favor of the Company.

The Change-in-Control Severance Agreements clarified that to the extent the executive has not yet received his short-term annual cash bonus for his prior year's performance with the Company, the executive shall still receive such short-term annual cash bonus for prior year performance at the time non-terminated employees receive such short-term annual cash bonus if such payment is due.

In addition, under the Change-in-Control Severance Agreements, to the extent that any change in control payment or benefit would be subject to an excise tax imposed in connection with Section 4999 of the Internal Revenue Code, such payments and/or benefits may be subject to a best pay cap reduction to the extent necessary so that the executive receives the greater of (i) the net amount of the change in control payments and benefits reduced such that such payments and benefits will not be subject to the excise tax, and (ii) the net amount of the change in control payments and benefits without such reduction.

The term of each Change-in-Control Severance Agreement expired on January 31, 2018. However, upon the occurrence of a change in control, the term would have automatically been extended until the two-year anniversary of the date on which the change in control occurred. In addition, if the executive incurred a qualifying termination during the term of the Change-in-Control Severance Agreement, the term would automatically have been further extended until each party's rights and obligations were fully satisfied.

After the Change-in-Control Severance Agreements expired, the Company entered into new change-in-control severance agreements in February 2018 for Messrs. Coleman, Gorelick, Davis, and Reuvers. The terms of these agreements are the same as the prior Change in Control Severance Agreements that expired January 2018. To clarify the new Change in Control Severance Agreements, a qualifying termination may occur on or within two years following a change in control of the Company and so long as such change in control occurs by January 31, 2019.

**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

We have reviewed and discussed with management the Compensation Discussion and Analysis prepared by management. Based on this review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis prepared by management be included in this Proxy Statement and incorporated into our 2017 Annual Report on Form 10-K.

The Compensation Committee of the

Board of Directors

*KEITH BRADLEY (CHAIR)*

*BARBARA B. HILL*

*DONALD E. MOREL, JR.*

**Table of Contents****COMPENSATION OF EXECUTIVE OFFICERS \*****Summary Compensation Table**

The following table sets forth information regarding compensation paid to our President and Chief Executive Officer, our Corporate Vice President and Chief Financial Officer, and each of our three other most highly compensated executive officers based on total compensation earned during 2017.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards(1) (\$) (e)	Option Awards(1) (\$) (f)	Non-Equity Incentive Plan Compensation(2) (\$) (g)	Change in Pension Value and Non-qualified Deferred Compensation All Other (\$) (h)	Compensation(3) (\$) (i)	Total (\$) (j)
<b>Peter J. Arduini</b> President and Chief Executive Officer and Director	2017	905,024		3,325,053	1,425,003	1,463,422		16,066	7,134,568
	2016	878,763		3,150,122	1,555,524	1,400,000		9,575	6,993,984
	2015	885,642		3,053,586	2,267,236	1,389,535		7,825	7,603,824
<b>Glenn G. Coleman</b> Corporate Vice President and Chief Financial Officer	2017	536,250		805,022	345,000	590,000		10,950	2,287,222
	2016	481,600		490,078	591,986	400,000		9,950	1,973,614
	2015	478,077		397,049	480,009	348,000		7,825	1,710,960
<b>Robert T. Davis, Jr</b> Corporate Vice President, President, Orthopedics and Tissue Technologies	2017	441,250		437,543	187,501	360,000		8,000	1,434,294
	2016	400,465		336,082	415,946	300,000		10,945	1,463,438
	2015	391,635		297,961	60,505	232,500		4,125	986,726
<b>Daniel L. Reuvers</b> Corporate Vice President,	2017	407,258		262,560	112,514	375,000		117,726	1,275,058
	2016	328,177		133,794	216,029	205,000		19,950	902,950
President, Codman Surgical Solutions									
<b>Richard D. Gorelick</b> Corporate Vice President, General Counsel, Administration and Secretary	2017	394,688		220,540	94,513	315,000		11,645	1,036,386
	2016	384,727		184,887	91,273	206,000		9,950	876,837
	2015	388,734		188,767	228,066	190,000		4,125	999,692

(1) This column reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, based on the closing price of the Company's common stock on the grant dates in 2017, 2016, and 2015. In regards to the stock options, for a discussion of assumptions used to estimate fair value, please see Note 15, "Stock-Based Compensation," to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

(2) The amounts in column (g) reflect cash awards for 2017, 2016 and 2015 earned pursuant to the terms of the Performance Incentive Compensation Plan. See "Compensation Discussion and Analysis - Annual Review of Compensation" for more information. Based on the achievement of performance objectives related to the successful integration of Codman Neurosurgery, the following NEOs received an additional one-time bonus modifier: Mr. Arduini in the amount of \$250,000, Mr. Coleman in the amount of \$100,000, Mr. Reuvers in the amount of \$150,000, and Mr. Gorelick in the amount of \$100,000.

**Table of Contents**

- (3) The amounts reported in the *All Other Compensation* column for each NEO represents legal fees, relocation expenses, 401(k) employer matching contributions, and executive physicals. In connection with his relocation, Mr. Reuvers received a relocation reimbursement of \$63,311 and a tax gross-up of \$41,965 for certain one-time taxable relocation expenses consistent with the Company's corporate relocation policy. The breakout of the components is shown in the following table below:

**BREAKDOWN OF ALL OTHER COMPENSATION**

	Year	Legal Fees (\$)	Relocation Expenses (\$)	401(k) Employer Matching Contribution (\$)	Executive Physical (\$)	Total (\$)
<b>Peter J. Arduini</b>	<b>2017</b>	3,616		8,000	4,450	16,066
	<b>2016</b>			6,625	2,950	9,575
	<b>2015</b>			4,125	3,700	7,825
<b>Glenn G. Coleman</b>	<b>2017</b>			8,000	2,950	10,950
	<b>2016</b>			7,000	2,950	9,950
	<b>2015</b>			4,125	3,700	7,825
<b>Robert T. Davis, Jr</b>	<b>2017</b>			8,000		8,000
	<b>2016</b>			7,000	3,945	10,945
	<b>2015</b>			4,125		4,125
<b>Daniel L. Reuvers</b>	<b>2017</b>		105,276 <sup>(1)</sup>	8,000	4,450	117,726
	<b>2016</b>		10,000	7,000	2,250	19,950
<b>Richard D. Gorelick</b>	<b>2017</b>			8,000	3,645	11,645
	<b>2016</b>			7,000	2,950	9,950
	<b>2015</b>			4,125		4,125

- (1) In connection with his relocation, Mr. Reuvers received a relocation reimbursement of \$63,311 and a tax gross-up of \$41,965 for certain one-time taxable relocation expenses consistent with the Company's corporate relocation policy.

**Table of Contents****Grants of Plan-Based Awards**

The following table presents information on annual incentive opportunities and equity awards granted under the Company's 2003 Equity Incentive Plan.

Name	Award Type	Grant Date	Date of Board or Committee Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Underlying Option Awards(3)	All Other Exercise or Base Price of Option Awards(4)	Grant Date Fair Value of Stock and Option	
				Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Units(3) (#)	Options Awards(4) (#/Sh)		
(a)		(b)	(c)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Peter J. Arduini	PSU	3/13/2017	2/23/2017				27,186	54,373(5)	81,559				2,375,013
	RSU	3/13/2017	2/23/2017							21,750			950,040
	Stock Option	3/13/2017	2/23/2017								84,071	43.68	1,425,003
	Cash Bonus	1/1/2017	2/23/2017	455,831	1,002,829	1,823,325							
	Bonus Modifier	1/1/2017	2/23/2017		250,000								
Glenn G. Coleman	PSU	3/13/2017	2/23/2017				6,582	13,164(5)	19,746				575,004
	RSA	3/13/2017	2/23/2017							5,266			230,019
	Stock Option	3/13/2017	2/23/2017								20,354	43.68	345,000
	Cash Bonus	1/1/2017	2/23/2017	81,000	405,000	810,000							
	Bonus Modifier	1/1/2017	2/23/2017		100,000								
Robert T. Davis, Jr.	PSU	3/13/2017	2/23/2017				3,577	7,155(5)	10,732				312,530
	RSA	3/13/2017	2/23/2017							2,862			125,012
	Stock Option	3/13/2017	2/23/2017								11,062	43.68	187,501
	Cash Bonus	1/1/2017	2/23/2017	53,400	267,000	534,000							
Daniel L. Reuvers	PSU	3/13/2017	2/23/2017				2,146	4,293(5)	6,439				187,518
	RSA	3/13/2017	2/23/2017							1,718			75,042
	Stock Option	3/13/2017	2/23/2017								6,638	43.68	112,514
	Cash Bonus	1/1/2017	2/23/2017	40,068	200,340	400,680							
	Bonus Modifier	1/1/2017	2/23/2017		150,000								
Richard D. Gorelick	PSU	3/13/2017	2/23/2017				1,803	3,606(5)	5,409				157,510
	RSA	3/13/2017	2/23/2017							1,443			63,030
	Stock Option	3/13/2017	2/23/2017								5,576	43.68	94,513
	Cash Bonus	1/1/2017	2/23/2017	35,747	178,735	357,469							
	Bonus Modifier	1/1/2017	2/23/2017		100,000								

(1) Amounts reported in columns (c) through (e) represent potential cash payments pursuant to the Company's Performance Incentive Compensation Plan. The Target is calculated by multiplying the officer's base salary by the executive's target award percentage established by the Compensation Committee and, for Mr. Arduini, provided in the applicable employment agreement. See Compensation Discussion and Analysis Annual Review of Compensation for more information. In addition, column (d) represents a one-time cash bonus opportunity for successfully meeting performance objectives related to the acquisition of Codman Neurosurgery.

(2) The amount shown in this column represents shares of performance stock granted under the Company's 2003 Equity Incentive Plan. See Compensation Discussion and Analysis Annual Review of Compensation for a description of the material terms of this performance stock award.

## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

- (3) The amounts shown in this column represent shares of restricted stock or contract stock/restricted stock units granted under the Company's 2003 Equity Incentive Plan. See Compensation Discussion and Analysis Annual Review of Compensation for a description of the material terms of these restricted stock and contract stock/restricted unit awards.
- (4) This column reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the restricted stock, contract stock/restricted stock units, performance stock and stock options granted to each NEO in 2017. For restricted stock and contract stock/restricted stock units, fair value is calculated using the closing price of the



**Table of Contents**

Company's common stock on the grant date noted. For stock options, fair value is based on the fair value of the option on the grant date as estimated using the binomial distribution model. For a discussion of the assumptions used to estimate fair value, please see Note 8,

Stock-Based Compensation to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

- (5) This grant of performance stock was made to the executive for his 2017 performance. Each NEO is eligible to vest in and receive a number of shares of the Company's common stock ranging from 0% to 150% of the target number of shares of Performance Stock granted based on the Company's achievement of goals relating to the increase in the Company's annual revenue over the initial revenue target, defined as the Company's revenue for the fiscal year ended December 31, 2016, during each fiscal year of the performance period running from January 1, 2017 through December 31, 2019. See Compensation Discussion and Analysis Long-Term Equity Incentive Plan for a description.

**Table of Contents****Outstanding Equity Awards At Fiscal Year-End**

The following table presents information with respect to outstanding equity awards as of December 31, 2017.

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Peter J. Arduini	311,588		13.89	3/1/2020				
	54,276		13.89	3/1/2020				
	67,786		15.79	5/22/2021				
	118,434		20.88	3/6/2022				
	126,707	11,521	26.865	3/23/2023				
	75,395	53,855	32.585	3/14/2024				
		84,071	43.68	3/13/2025	48,752	2,333,271		
							176,277	8,436,593
Glenn G. Coleman	37,993	12,665	19.41	5/2/2022				
	10,832	5,584	26.865	3/23/2023				
		22,906	31.685	11/16/2023				
	6,634	13,472	32.585	3/14/2024				
		24,374	32.425	12/1/2024				
		20,354	43.68	3/13/2025	12,957	620,122		
							42,566	2,037,209
Robert T. Davis, Jr.	3,132	3,132	26.865	3/23/2023				
	3,447	10,341	32.585	3/14/2024				
		17,410	38.425	12/1/2024				
		11,062	43.68	3/13/2025	6,488	310,516		
							19,787	946,982
Daniel. L. Reuvers	1,209	1,211	26.865	3/23/2023				
	1,371	4,115	32.585	3/14/2024				
		10,446	38.425	12/1/2024				
		6,638	43.68	3/13/2025	3,480	166,553		
							10,363	495,949
Richard D. Gorelick	1,452	1,454	26.865	3/23/2023				
		18,324	31.685	11/16/2023				
	1,896	5,688	32.585	3/14/2024				
		5,576	43.68	3/13/2025	3,575	171,100		
							10,527	503,822

**Table of Contents**

- (1) Vesting information for each outstanding non-qualified stock option award as of December 31, 2017 for the Named Executive Officers is described in the table below.

Vesting Date	Exercise Price	Peter J. Arduini	Glenn G. Coleman	Robert T. Davis Jr.	Daniel L. Reuvers	Richard D. Gorelick
Number of Shares Underlying Non-Qualified Stock Option Awards						
<b>2018</b>						
(a)						
3/13/2018	43.68		6,716	2,765	1,659	1,394
3/14/2018	32.585		6,634	3,447	1,371	1,896
3/23/2018	26.865		5,584	1,566	605	727
11/16/2018	31.685		22,906			18,324
5/2/2018	19.41		12,665			
<b>2019</b>						
(b)						
3/13/2019	43.68		6,717	2,765	1,659	1,394
3/14/2019	32.585		6,838	3,447	1,372	1,896
3/23/2019	26.865			1,566	606	727
12/1/2019	38.425		24,374	17,410	10,446	
<b>2020</b>						
(c)						
3/13/2020	43.68		6,921	2,766	1,660	1,394
3/14/2020	32.585			3,447	1,372	1,896
<b>2021</b>						
3/13/2021	43.68			2,766	1,660	1,394

- (a) Mr. Arduini's non-qualified stock options vest as follows: one third of the shares vest on the first anniversary of the grant date and thereafter in monthly installments through the third anniversary of such grant date. 11,521 of the unexercisable non-qualified stock options pursuant to Mr. Arduini's March 23, 2015 non-qualified stock option grant will vest monthly over the first three months of 2018. 43,084 of the unexercisable non-qualified stock options pursuant to Mr. Arduini's March 14, 2016 non-qualified stock option grant will vest monthly throughout 2018. In addition, 28,023 of the 84,071 unexercisable non-qualified stock options pursuant to Mr. Arduini's March 13, 2017 grant will vest on March 13, 2018, the first anniversary of such grant. Thereafter, 21,018 non-qualified stock options pursuant to Mr. Arduini's March 13, 2017 grant will vest monthly for the remaining nine months of 2018.
- (b) Mr. Arduini's non-qualified stock options vest as follows: one third of the shares vest on the first anniversary of the grant date and thereafter in monthly installments through the third anniversary of such grant date. 10,771 of the unexercisable non-qualified stock options pursuant to Mr. Arduini's March 14, 2016 non-qualified stock option grant will vest monthly over the first three months of 2019. 28,024 of the 35,030 unexercisable non-qualified stock options pursuant to Mr. Arduini's March 13, 2017 non-qualified stock option grant will vest monthly throughout 2019.
- (c) Mr. Arduini's non-qualified stock options vest as follows: one third of the shares vest on the first anniversary of the grant date and thereafter in monthly installments through the third anniversary of such grant date. 7,006 of the unexercisable non-qualified stock options pursuant to Mr. Arduini's March 13, 2017 non-qualified stock option grant will vest monthly over the first three months of 2020.

**Table of Contents**

- (2) The amounts in columns (g) and (h) reflect the number and market values of the outstanding RSUs and RSAs as of December 31, 2017 for the Named Executive Officers. Scheduled vesting of such RSUs and RSAs and the number of shares underlying such awards is described in the table below. Please note that Mr. Arduini is the only Named Executive Officer with RSUs.

Vesting Date	Peter J. Arduini	Glenn G. Coleman	Robert T. Davis Jr.	Daniel L. Reuvers	Richard D. Gorelick
Number of Shares Underlying Outstanding RSUs and RSAs					
<b>2018</b>					
3/13/2018	7,250(a)	1,737	944	566	476
3/14/2018	9,207(a)	1,418	972	388	536
3/23/2018	8,588(a)	1,204	1,650	974	1,044
5/2/2018		3,607			
<b>2019</b>					
3/13/2019	7,250(a)	1,738	944	567	476
3/14/2019	9,207	1,462	1,004	400	552
<b>2020</b>					
3/13/2020	7,250(a)	1,791	974	585	491

- (a) The terms of this RSU award provide that, subject to certain conditions, the shares will be delivered within 30 days following the first business day immediately following the six-month period after the date of Mr. Arduini's separation of service.

- (3) The amounts in columns (i) and (j) reflect the number and market values of the outstanding performance stock as of December 31, 2017 for the Named Executive Officers. Scheduled vesting of all performance stock awards and the number of shares underlying such awards, subject to the satisfaction of the performance goals, is described in the table below. Payouts for the March 14, 2016 and March 13, 2017 grant are calculated at 150% of target maximum level.

Vesting Date	Peter J. Arduini	Glenn G. Coleman	Robert T. Davis Jr.	Daniel L. Reuvers	Richard D. Gorelick
Number of Shares Underlying Outstanding Performance Stock Awards					
<b>2018</b>					
3/13/2018	26,915	6,516	3,541	2,124	1,783
3/14/2018	34,182	5,316	3,645	1,452	2,007
3/23/2018	25,318	3,006	1,650	974	1,044
5/2/2018		9,017			
<b>2019</b>					
3/13/2019	26,915	6,516	3,542	2,126	1,785
3/14/2019	35,217	5,481	3,759	1,497	2,067
<b>2020</b>					
3/13/2020	27,731	6,714	3,650	2,190	1,841

**Table of Contents****Option Exercises And Stock Vested**

The following table presents information on stock option exercises and stock award vesting during 2017.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting
(a)	(#) (b)	(\$) (c)	(#) (d)	(\$) (e)
Peter J. Arduini	40,000	1,135,624	116,237	4,967,620(2)
Glenn G. Coleman			23,444	1,049,065
Robert T. Davis, Jr.			12,529	535,579
Daniel L. Reuvers			6,855	292,777
Richard D. Gorelick			8,816	376,743

- (1) Value realized is calculated on the basis of the difference between the per share exercise price and the market price of the Company's common stock as reported by the NASDAQ Global Select Market on the date of exercise, multiplied by the number of shares of common stock underlying the options exercised.
- (2) This includes the market value of the shares that are vested, but delivery is deferred. These awards are also shown in the Non-Qualified Deferred Compensation Table as follows: (i) 8,830 shares of common stock underlying restricted stock units from an initial grant in March 2016 of 27,622 units (of which 378 units were withheld to pay taxes), of which the first installment vested fully on the first anniversary of the grant date, based on the \$43.03 closing price of our common stock on the vesting date, (ii) 8,235 shares of common stock underlying restricted stock units from an initial grant in March 2015 of 25,766 units (of which 707 units were withheld to pay taxes), of which the second installment fully vested on the second anniversary of the grant date, based on the \$42.35 closing price of our common stock on the vesting date, (iii) 9,641 shares of common stock underlying restricted stock units from an initial grant in March 2014 of 30,166 units (of which 1,241 units were withheld to pay taxes), of which the third installment fully vested on the third anniversary of the grant date, based on the \$42.74 closing price of our common stock on the vesting date.

**Nonqualified Deferred Compensation in 2017**

Name	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year	Aggregate Earnings (Losses) in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year-End
	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)
Peter J. Arduini		1,140,764(1)	2,291,193(2)		22,039,721(3)

- (1) This represents the market value of: (i) 8,830 shares of common stock underlying restricted stock units from an initial grant in March 2016 of 27,622 units (of which 378 units were withheld to pay taxes), of which the first installment vested fully on the first anniversary of the grant date, based on the \$43.03 closing price of our common stock on the vesting date, (ii) 8,235 shares of common stock underlying restricted stock units from an initial grant in March 2015 of 25,766 units (of which 707 units were withheld to pay taxes), of which the second installment fully vested on the second anniversary of the grant date, based on the \$42.35 closing price of our common stock on the vesting date, (iii) 9,641 shares of common stock underlying restricted stock units from an initial grant in March 2014 of 30,166 units (of which 1,241 units were withheld to pay taxes), of which the third installment fully vested on the third anniversary of the grant date, based

## Edgar Filing: INTEGRA LIFESCIENCES HOLDINGS CORP - Form DEF 14A

on the \$42.74 closing price of our common stock on the vesting date.

- (2) This represents the gain in the value of 460,504 shares of common stock underlying restricted stock units and deferred performance stock units through December 31, 2017.

**Table of Contents**

- (3) This represents the year-end value of the 460,504 shares of common stock underlying restricted stock units and deferred performance stock units through December 31, 2017. All of these shares are deliverable within 30 days following the first business day that occurs immediately following the six-month period after the date of Mr. Arduini's separation from service from the Company. The aggregate balance shown is based on the \$47.68 closing price of our common stock on December 29, 2017.

**Potential Payments Upon Termination or Change in Control**

As of December 31, 2017, the Company has entered into agreements with each of its named executive officers, which provide certain payments and benefits upon any of several events of termination of employment, including termination of employment in connection with a change in control. This section describes these payments and benefits, with amounts calculated based on the assumption that a named executive officer's termination of employment with the Company occurred on December 31, 2017. On December 29, 2017, the Company's common stock had a closing sale price on the NASDAQ Global Select Market of \$47.68. Actual amounts payable would vary based on the date of the named executive officer's termination of employment and can only be finally determined at that time.

Unless specified otherwise, the information in this section is based upon the terms of (i) the Third Amended and Restated Employment Agreement between the Company and Peter J. Arduini, dated as of October 24, 2017 (the "Arduini Agreement") and (ii) individual Change in Control Severance Agreements, dated February 1, 2017, between the Company and Glenn Coleman, Robert Davis, Jr., Daniel L. Reuvers, and Richard Gorelick (collectively, the "Change in Control Agreements") (the Arduini Agreement and the Change in Control Agreements are collectively referred to in this section as the "Agreements").

***Payments Upon Termination By The Company Without Cause Or By The Executive For Good Reason Prior to a Change in Control***

The Arduini Agreement provides for the following severance payments and benefits upon termination of employment by the Company without Cause or by Mr. Arduini for Good Reason (as defined in the Arduini Agreement) before a change in control of the Company: (i) a lump sum cash severance payment equal to 2.99 times his annual base salary; (ii) Company-subsidized healthcare continuation coverage for Mr. Arduini and his dependents for up to eighteen months after his termination date; and (iii) Company-paid life and disability insurance premiums for Mr. Arduini for up to eighteen months after his termination date.

None of the unvested equity awards held by Messrs. Arduini, Coleman, Davis, Reuvers or Gorelick will vest upon such termination. The Arduini Agreement, which went into effect January 1, 2018, provides for accelerated time-vesting of certain equity awards in connection with Mr. Arduini's retirement. Mr. Arduini is not currently retirement eligible under the terms of the Arduini Agreement.

***Payments Upon Termination For Cause Or By Executive Without Good Reason***

The Agreements do not provide the applicable named executive officers with any payments or other benefits in the event of their termination of employment by the Company for cause or by the executive without good reason other than amounts accrued and owing, but not yet paid, as of the date of the executive's termination of employment.

A termination for cause under each Agreement would result from an executive's: (i) continued failure to perform the executive's stated duties in all material respects for a specified period of time after receipt of written notice of such failure; (ii) intentional and material breach of any provision of the Agreement which is not cured (if curable) within a specified period of time after receipt of written notice of such breach; (iii) demonstrated personal dishonesty in connection with the executive's employment with the Company; (iv) breach of fiduciary duty in connection with the executive's employment with the Company; (v) willful misconduct that is materially and demonstrably injurious to the Company or any of its subsidiaries; or (vi) conviction or plea of guilty or nolo contendere to a felony or to any other crime involving moral turpitude which conviction or plea is materially and demonstrably injurious to the Company or any of its subsidiaries.

## **Table of Contents**

### ***Payments Upon Death***

Only the Arduini Agreement provides severance payments and benefits upon death. If Mr. Arduini dies during the term of his employment, then the Company will pay to his estate a lump sum payment equal to one times his annual base salary. In addition, the Company will pay his eligible beneficiaries the monthly premium for COBRA family coverage under the Company's group health plan for a period of one year from the date of his death.

All of Mr. Arduini's unvested equity awards will vest in the event of death other than the non-deferred PSU grants in March of 2015, 2016 and 2017, which would remain outstanding and subject to the achievement of the respective performance goals. All of Messrs. Coleman's, Davis's, Reuver's, and Gorelick's unvested equity awards will vest in the event of death other than their respective outstanding PSU grants, which would remain outstanding and subject to the achievement of the respective performance goals.

### ***Payments Upon Disability***

None of the Agreements provide for cash severance payments upon the executive's termination of employment on account of their disability. In addition, each of the executive officers' unvested equity awards will vest in the event of such executive officer's disability in the same manner as death as stated above.

Under the Agreements, disability means the executive's inability to perform his duties by reason of any medically determinable physical or mental impairment, which is expected to result in death or which has lasted or is expected to last for a continuous period of not less than six months.

### ***Payments in Connection with a Change in Control***

The Arduini Agreement and Change in Control Agreements provide each of the applicable named executive officers with severance payments and benefits upon termination of their employment in connection with or following a change in control.

The Arduini Agreement provides that, if Mr. Arduini's employment with the Company is terminated within twenty-four months following a change in control by the Company other than cause, death, or disability, or by Mr. Arduini for good reason, then the Company will pay (i) a lump-sum cash payment equal to a multiple of 2.99 times the sum of Mr. Arduini's base salary and target cash bonus as well as (ii) a pro-rata portion of Mr. Arduini's annual bonus for the fiscal year in which the termination date occurs, based on actual results for such year. In addition, the Company will pay Mr. Arduini for up to eighteen months after the termination date (i) Company-subsidized healthcare continuation coverage for Mr. Arduini and his dependents and (ii) Company-paid life and disability insurance premiums for Mr. Arduini.

The Change in Control Agreements for Messrs. Coleman, Davis, Reuvers, and Gorelick provide that, if any applicable named executive officer's employment with the Company is terminated within twenty-four months following a change in control so long as such change of control occurs before January 31, 2019 by the Company without cause or by such named executive officer for good reason, then the Company will pay the following to such named executive officer: (i) a lump-sum cash payment equal to a multiple of 1.5 times the sum of the named executive officer's base salary and target cash bonus (or 2 times in the case of Mr. Coleman), (ii) a lump sum payment equal to a pro rata portion of such named executive officer's target bonus for the partial fiscal year in which the termination occurs, (iii) the monthly premium for COBRA family coverage under the Company's group health plan for up to eighteen months after the termination date, and (iv) Company paid outplacement services for up to twelve months following the termination date.

The Company's equity plans provide for the acceleration of vesting and/or delivery of all equity compensation awards granted since January 1, 2013 for all of the named executive officers, if a change in control occurs and the named executive officers incurs a qualifying termination on or within twelve months (or on or within twenty-four months pursuant to the Arduini Agreement) following the date of such change in control. For PSU award agreements granted in 2017 to NEOs, any outstanding shares shall vest if such NEO incurs (i) a qualifying termination or (ii) a termination due to death or disability, in either case, on or following a change of control and prior to or on the last day of the performance period. The NEOs will receive payment of common



**Table of Contents**

stock underlying such grants of restricted stock, stock options, and PSUs in such event. In addition, Mr. Arduini will receive deferred payment of common stock underlying such grants of restricted stock units on the date that represents six months after the date of his termination of employment.

Under the Agreements, a change in control would be deemed to have occurred: (i) if the beneficial ownership of securities representing more than fifty percent of the combined voting power of the voting securities of the Company is acquired by any individual, entity or group; (ii) if the individuals who, as of the date of the Agreement, constitute the Board of Directors cease for any reason during any period of at least twenty-four months to constitute at least a majority of the Board of Directors; (iii) upon consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another entity; or (iv) upon approval by the stockholders of a complete liquidation or dissolution of the Company.

Under the Change in Control Agreements as well as the equity award agreements (except for the PSU award agreements granted in 2014 and 2015) for the NEOs, a qualifying termination would be deemed to have occurred for the following reasons: (i) if the Company terminates the individual without cause or (ii) if the individual, who is a party to an employment, severance or applicable award agreement containing the definition of Good Reason, terminates his or her employment with the Company for good reason. Pursuant to Mr. Arduini's PSU award agreements granted in 2014 and 2015, a qualifying termination would be deemed to have occurred: (i) if the Company terminates Mr. Arduini without cause, (ii) if Mr. Arduini terminates his employment with the Company for good reason, (iii) by reason of Mr. Arduini's disability, or (iv) by reason of Mr. Arduini's death. In addition, for all other NEOs' PSU award agreements granted in 2014 and 2015, a qualifying termination would be deemed to have occurred by reason of such NEO's disability or death.

***Restrictive Covenants And Other Conditions***

For each of the Agreements, the foregoing severance benefits are conditioned on each executive's execution of a mutual release. In addition, for all of the applicable named executive officers, such benefits are consideration for the restrictive covenants set forth in their respective Agreements. Specifically, during the term of their employment with the Company and the one-year period thereafter, all of such named executive officers generally may not compete against the Company or solicit employees and customers of the Company.

**Table of Contents****Summary of Potential Payments**

The following table summarizes the payments that would be made by the Company to the named executive officers upon the events discussed above, assuming that each named executive officer's termination of employment with the Company occurred on December 31, 2017 or a change in control of the Company occurred on December 31, 2017, as applicable:

Named Executive Officer	Termination	Death	Disability	Termination
	Without Cause or With Good Reason (Before a Change In Control)			Without Cause, With Good Reason Death or Disability ( Double trigger after a Change in Control)
<b>Peter J. Arduini</b>				
Cash Severance	\$ 2,725,869	\$ 911,662	\$	\$ 6,937,748
Continued Health & Other Benefits(1)	\$ 42,921	\$ 27,969	\$	\$ 42,921
Acceleration of Stock Options	\$	\$ 1,415,935	\$ 1,415,935	\$ 1,415,935
Acceleration of Other Grants(2)	\$	\$ 2,333,271	\$ 2,333,271	\$ 9,532,738
Fees/Interest(3)	\$ 21,110	\$ 7,164	\$	\$ 53,221
Total	\$ 2,789,900	\$ 4,696,001	\$ 3,749,206	\$ 17,982,564
<b>Glenn G. Coleman</b>				
Cash Severance	\$	\$	\$	\$ 1,822,500
Continued Health & Other Benefits(1)	\$	\$	\$	\$ 26,262
Acceleration of Stock Options	\$	\$ 1,368,893	\$ 1,368,893	\$ 1,368,893
Acceleration of Other Grants	\$	\$ 620,122	\$ 620,122	\$ 2,389,429
Fees/Interest	\$	\$	\$	\$
Total	\$	\$ 1,989,015	\$ 1,989,015	\$ 5,607,084
<b>Robert T. Davis, Jr.</b>				
Cash Severance	\$	\$	\$	\$ 1,335,000
Continued Health & Other Benefits(1)	\$	\$	\$	\$ 14,772
Acceleration of Stock Options	\$	\$ 434,218	\$ 434,218	\$ 434,218
Acceleration of Other Grants	\$	\$ 310,516	\$ 310,516	\$ 1,103,802
Fees/Interest	\$	\$	\$	\$
Total	\$	\$ 744,733	\$ 744,733	\$ 2,887,791
<b>Daniel L. Reuvers</b>				
Cash Severance	\$	\$	\$	\$ 1,101,870
Continued Health & Other Benefits(1)	\$	\$	\$	\$ 21,984
Acceleration of Stock Options	\$	\$ 214,586	\$ 214,586	\$ 214,586
Acceleration of Other Grants	\$	\$ 166,553	\$ 166,553	\$ 578,147
Fees/Interest	\$	\$	\$	\$
Total	\$	\$ 381,139	\$ 381,139	\$ 1,916,587
<b>Richard D. Gorelick</b>				
Cash Severance	\$	\$	\$	\$ 1,042,619
Continued Health & Other Benefits(1)	\$	\$	\$	\$ 26,262
Acceleration of Stock Options	\$	\$ 437,109	\$ 437,109	\$ 437,109
Acceleration of Other Grants	\$	\$ 171,100	\$ 171,100	\$ 595,658
Fees/Interest	\$	\$	\$	\$
Total	\$	\$ 608,209	\$ 608,209	\$ 2,101,648

---

**Table of Contents**

- (1) The Company will pay Mr. Arduini the monthly premium cost of COBRA health insurance as well as the Company's monthly premium cost of the Company's life and disability insurance plans for up to 18 months following Mr. Arduini's termination date. The Company will pay Messrs. Coleman, Davis, Reuvers, and Gorelick the difference between the monthly premium cost of COBRA health insurance and such executives' personal monthly health insurance contributions that were in effect prior to such executives' termination for up to 18 months following such executives' termination date.
  
- (2) For information on vested and deferred restricted stock units, see the Nonqualified Deferred Compensation table. The value of vested awards is not included in this table.
  
- (3) For Mr. Arduini, the amount shown represents the interest on his severance payment (cash severance plus premium cost for health and other insurance benefits) if it is required to be delayed for six months because of the application of section 409A of the Code, with such interest applied at the rate of 1.52% compounded monthly.  
The Company does not provide for any excise tax gross-up payments.

***CEO Pay Ratio Disclosure***

As is permitted under the SEC rules, to determine our estimated median employee, we chose to use an employee population as of October 1, 2017. We chose not to use the SEC Summary Compensation table definition for our calculation but instead chose to use full year actual 2017 base pay earnings, bonus, commission and overtime. We annualized pay for those who were hired in 2017. We excluded non-US population that accounts for 5% or less of Integra's total U.S. and non-U.S. employee population. Specifically, we excluded all employees in Mexico (approximately 163 employees). By excluding these employees, we reduced the total number of our US and non-US employees considered in determining the median employee from 4,088 to 3,925. We selected an employee from that group and determined that person's Summary Compensation table total compensation was \$57,786. The ratio of CEO pay to median worker pay is 123:1.

Because the SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices, the pay ratio reported by other companies in our peer group may not be comparable to the pay ratio reported above, as these other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

**DIRECTOR COMPENSATION**

The Board of Directors believes that providing competitive compensation is necessary to attract and retain qualified non-employee directors. The key components of non-employee director compensation include an annual equity grant and an annual retainer.

*Compensation.* The compensation of directors during 2017 included the compensation payable during the period beginning with the Company's 2016 Annual Meeting of Stockholders on May 24, 2016 and ending with the Company's 2017 Annual Meeting of Stockholders on May 23, 2017.

As compensation for their service during the period beginning with the Company's 2017 Annual Meeting of Stockholders, non-employee directors received an annual equity grant in the form of restricted stock with a fair market value on the date of grant of \$170,000 (or \$220,000 for the Chairman). Directors also received an annual retainer of \$75,000, payable in one of three ways, at their election: (1) in cash, (2) in restricted stock, or (3) one half in cash and one half in restricted stock. In addition, the Company paid the following separate annual cash fees to certain directors as follows: (1) \$15,000 for the Nominating and Corporate Governance Committee Chair, (2) \$15,000 for the Compensation Committee Chair, (3) \$15,000 for the Audit Committee Chair, (4) \$15,000 for the Finance Committee Chair, (5) \$25,000 for the Presiding Director and (6) \$75,000 for the Chairman.

Effective as of the 2018 Annual Meeting of Stockholders, non-employee directors will receive an annual equity grant in the form of restricted stock with a fair market value on the date of grant of \$190,000 (increased



**Table of Contents**

from \$170,000) (or \$220,000 for the Chairman). Directors will also continue to receive an annual retainer of \$75,000, payable in one of three ways, at their election: (1) in cash, (2) in restricted stock, or (3) one half in cash and one half in restricted stock. In addition, the Company will pay the following separate annual cash fees to certain directors as follows: (1) \$15,000 for the Nominating and Corporate Governance Committee Chair, (2) \$15,000 for the Compensation Committee Chair, (3) \$20,000 (increased from \$15,000) for the Audit Committee Chair, (4) \$15,000 for the Finance Committee Chair, (5) \$25,000 for the Presiding Director and (6) \$75,000 for the Chairman.

The Company pays reasonable travel and out-of-pocket expenses incurred by non-employee directors in connection with attendance at meetings to transact business of the Company or attendance at meetings of the Board of Directors or any committee thereof.

The following table provides details of the total compensation for non-employee directors in 2017.

Name (a)	Fees Earned or	Stock	Option	All Other	Total
	Paid in Cash	Awards(1)(2)	Awards(3)(4)	Compensation	
	(\$)	(\$)	(\$)	(\$)	(\$)
	(b)	(c)	(d)	(g)	(h)
Keith Bradley	52,500	207,518			260,018
Richard E. Caruso <sup>1</sup>	37,500	0			37,500
Stuart M. Essig	75,000	295,063			370,063
Barbara B. Hill		245,031			245,031
Lloyd W. Howell, Jr.		245,031			245,031
Donald E. Morel, Jr.	75,000	170,006			245,006
Raymond G. Murphy	15,000	245,031			260,031
Christian S. Schade	90,000	170,006			260,006
James M. Sullivan	40,000	245,031			285,031

- (1) This column reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, based on the closing price of the Company's common stock on the grant date.
- (2) Stock awards outstanding as of December 31, 2017 for each director consisted of restricted shares of common stock, as follows: Keith Bradley 2,162; Richard E. Caruso 42,736; Stuart M. Essig 3,075; Barbara B. Hill 2,554; Lloyd W. Howell, Jr. 2,554; Donald E. Morel, Jr. 1,772; Raymond G. Murphy 2,554; Christian S. Schade 1,771 and James M. Sullivan 2,554.
- (3) This column, if applicable, reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, based on the fair value of the option on the grant date as estimated using the binomial distribution model. For a discussion of assumptions used to estimate fair value, please see Note 8, "Stock-Based Compensation," to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.
- (4) The aggregate number of options held by each director as of December 31, 2017 was as follows: Keith Bradley 15,658; Richard E. Caruso 92,542; Stuart M. Essig 260,976; Barbara B. Hill 0; Lloyd W. Howell, Jr. 0; Donald E. Morel, Jr. 0; Raymond G. Murphy 0; Christian S. Schade 31,316 and James M. Sullivan 15,658.

<sup>1</sup> Fees earned by Dr. Caruso for his service as a director in 2016 which are paid in arrears. Dr. Caruso did not stand for reelection in 2017 and has since assumed the honorary role of Chairman Emeritus and Director Emeritus.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information as of December 31, 2017 regarding existing compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans(1)</b>
Equity compensation plans approved by stockholders	2,617,868(2)	23.84(3)	5,454,387(4)
Total	2,617,868	23.84	5,454,387

(1) Excludes securities to be issued upon the exercise of outstanding options, warrants and rights.

(2) Consists of (a) 30,484 shares of common stock underlying unvested Restricted Stock Units, (b) 62,542 shares of common stock underlying outstanding unvested contract stock, (c) 405,278 shares of common stock underlying outstanding unvested options, (d) 325,776 shares underlying unvested Performance Stock Units, (e) 42,364 shares underlying vested and deferred Performance Stock Units, (f) 418,140 shares underlying vested and deferred contract stock and (g) 1,333,284 shares of common stock underlying outstanding vested options. Of these amounts, the following securities are issuable under the 2003 Plan: (a) 30,484 shares of common stock underlying Restricted Stock Units, (b) 325,776 shares of common stock underlying outstanding Performance Stock Units, (c) 42,364 shares underlying vested and deferred Performance Stock Units, (d) 480,682 shares of common stock underlying contract stock and (e) 1,709,028 shares of common stock underlying outstanding options. Performance Stock Units granted in March 2016 and March 2017 are calculated at 150% of target.

(3) Excluding the Restricted Stock Units, performance stock and contract stock, the weighted average exercise price is \$23.8443.

(4) Consists of 2,049,631 shares of common stock which remain available for issuance under the Employee Stock Purchase Plan and 3,404,756 shares which remain available for issuance under the other Approved Plans, including 3,402,809 shares under the 2003 Plan.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Dr. Bradley, Ms. Hill and Dr. Morel are the current members of the Compensation Committee. None of our compensation committee members currently serves, nor did they ever serve, as an officer or employee or former officer of the Company or had any relationship requiring disclosure herein pursuant to Securities and Exchange Commission regulations. No executive officer of the Company served as a member of a compensation committee or a director of another entity under circumstances requiring disclosure under Securities and Exchange Commission regulations.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS****Review and Approval of Related Person Transactions**

Pursuant to a written policy, the Company reviews all transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in excess of \$100,000 in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$100,000, and in which any Related Person had, has or will have a direct or indirect interest. For purposes of the policy, a Related Person means:

(a) any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;

(b) any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;

## **Table of Contents**

(c) any immediate family member of any of the foregoing persons; and

(d) any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

If the Company's legal department determines that a proposed transaction is a transaction for which approval is required under applicable rules and regulations of the Securities and Exchange Commission, the proposed transaction shall be submitted to the Audit Committee for consideration.

The Audit Committee will consider all of the relevant facts and circumstances available to the Committee, including (if applicable) but not limited to, the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Audit Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Audit Committee shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Audit Committee determines in good faith.

The policy provides that the above determination should be made at the next Audit Committee meeting. In those instances in which the legal department, in consultation with the Chief Executive Officer or the Chief Financial Officer, determines that it is not practicable or desirable for the Company to wait until the next Audit Committee meeting, the transaction shall be presented to the Chair of the Audit Committee (who will possess delegated authority to act between Audit Committee meetings).

## **Related Person Transactions**

The Company leases its manufacturing facility in Plainsboro, New Jersey from Plainsboro Associates, a New Jersey general partnership. Ocirne, Inc., a subsidiary of Provco Industries, owns a 50% interest in Plainsboro Associates. Provco Industries' stockholders are trusts whose beneficiaries include the children of Dr. Caruso, Chairman Emeritus and a principal stockholder of the Company. Dr. Caruso is the President of Provco Industries. The Company paid \$276,176.34 for rent of this facility for 2017.

The Company leased certain production equipment from Medicus Corporation. On January 5, 2017, the Company purchased the leased equipment from Medicus Corporation. The sole stockholder of Medicus is TRU ST PARTNERSHIP, L.P., a Pennsylvania general partnership, of which Dr. Caruso is a partner and the President. Under the terms sale, the Company paid \$375,000 to Medicus Corporation for the equipment.



**Table of Contents**

**AUDIT COMMITTEE REPORT**

The following report of the Audit Committee is required by the rules of the Securities and Exchange Commission to be included in this Proxy Statement. This report shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, by virtue of any general statement in such filing incorporating this Proxy Statement by reference, except to the extent that the Company specifically incorporates the information contained in this section by reference, and shall not otherwise be deemed filed under either the Securities Act or the Exchange Act.

The purpose of the Audit Committee is to oversee the Company's accounting and financial reporting process and the audits of the Company's financial statements. The Audit Committee operates pursuant to a Charter that the Board amended and restated on July 21, 2015, a copy of which is available on the Company's website.

As set forth in the Audit Committee Charter, management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements, the Company's financial reporting process, accounting policies, internal audit function, internal controls over financial reporting and disclosure controls and procedures. The independent registered public accounting firm is responsible for auditing the Company's financial statements and internal control over financial reporting and expressing an opinion as to the conformity of those audited financial statements with accounting principles generally accepted in the United States of America and on the effectiveness of the Company's internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee the Company's financial reporting process.

In the performance of its oversight function, the Audit Committee has reviewed and discussed with management and the independent registered public accounting firm the audited financial statements and management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's evaluation of the Company's internal control over financial reporting as of December 31, 2017. The Audit Committee has also discussed with the independent registered public accounting firm the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board. Finally, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board, as currently in effect, has discussed with the independent registered public accounting firm its independence in relation to the Company and has considered the compatibility of non-audit services with such independence. Management has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements of the Company for the fiscal year ended December 31, 2017 be included in the Company's Annual Report on Form 10-K for such fiscal year, as filed with the Securities and Exchange Commission on February 28, 2018.

The Audit Committee of the Board of Directors

*RAYMOND G. MURPHY (CHAIR)*

*CHRISTIAN S. SCHADE*

*JAMES M. SULLIVAN*

**Table of Contents****PRINCIPAL STOCKHOLDERS**

The following table sets forth certain information regarding the beneficial ownership of common stock as of February 28, 2018 by: (a) each person or entity known to the Company to be the beneficial owner of more than five percent of the outstanding shares of common stock, based upon Company records or statements filed with the Securities and Exchange Commission; (b) each of the Company's directors and nominees for directors; (c) each of the named executive officers; and (d) all executive officers, directors and nominees as a group. Except as otherwise indicated, each person has sole voting power and sole investment power with respect to all shares beneficially owned by such person. Unless otherwise provided, the address of each individual listed below is c/o Integra LifeSciences Holdings Corporation, 311 Enterprise Drive, Plainsboro, NJ 08536.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership			Percent of Class(3)
	Number of Shares Owned(1)	Right to Acquire(2)	Total	
Peter J. Arduini	90,877	896,840(4)	987,717	1.1%
Keith Bradley, Ph.D	37,065		37,065	*
Stuart M. Essig, Ph.D	2,000,326	260,976	2,261,302	2.9%
Barbara B. Hill	55,540		55,540	*
Lloyd W. Howell, Jr	36,204		36,204	*
Donald E. Morel, Jr., Ph.D.	37,112		37,112	*
Raymond G. Murphy	66,002(5)		66,002(5)	*
Christian S. Schade	29,668	31,316	60,984	*
James M. Sullivan	59,604	15,658	75,262	*
Glenn G. Coleman	18,519	98,248	116,767	*
Richard D. Gorelick	21,565	12,199	33,764	*
Robert T. Davis, Jr.	33,571	23,193	56,764	*
Daniel L. Reuvers	22,248	10,765	33,013	*
All directors, nominees for director and executive officers as a group (19 persons)	2,574,040	1,386,745(4)	3,960,785	5.1%
Richard E. Caruso, Ph.D., Tru St Partnership LP Provco Leasing Corporation, and The Uncommon Individual Foundation 795 E. Lancaster Avenue, Suite 200, Villanova, PA	12,309,512(6)	92,542(6)	12,402,054(6)	15.8%
FMR LLC, Abigail P. Johnson and Fidelity Small Cap Discovery Fund 245 Summer Street Boston, MA 02210	9,664,349(7)		9,664,349(7)	12.3%
Capital Research & Management Co. (Global Investors) 333 South Hope Street Los Angeles, CA 90071	9,613,126(8)		9,613,126(8)	12.3%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	8,135,552(9)		8,135,552(9)	10.4%
The Vanguard Group 100 Vanguard Blvd., Malvern, PA 19355	5,899,122(10)		5,899,122(10)	7.5%
Champlain Investment Partners, LLC 180 Battery Street, Suite 400 Burlington, VT 05401	3,941,230(11)		3,941,230(11)	5.9%

\* Represents beneficial ownership of less than 1%.

(1) Excludes shares that may be acquired through stock option exercises, restricted stock units or performance stock.



---

**Table of Contents**

- (2) Shares not outstanding but deemed beneficially owned by virtue of the right of an individual to acquire them within 60 days of February 28, 2018 upon (i) the exercise of an option or other convertible security as well as (ii) the vesting of performance stock are treated as outstanding for purposes of determining beneficial ownership and the percentage beneficially owned by such individual.
- (3) As of February 28, 2018, we had 78,495,832 shares of common stock outstanding.
- (4) Excludes outstanding Restricted Stock Units awarded to Mr. Arduini that vested but are not yet deliverable and do not give Mr. Arduini the right to acquire any shares within 60 days of February 28, 2018. Such Restricted Stock Units are deferred and shall be delivered to Mr. Arduini within 30 days following the first business day that occurs immediately following the six-month period after the date of his separation of service. Also excludes 43,578 outstanding PSUs awarded to Mr. Arduini in March 2013 that vested but are not yet deliverable and do not give Mr. Arduini the right to acquire any shares within 60 days of February 28, 2018. Such PSUs are deferred and shall be delivered to Mr. Arduini within 30 days following the first business day that occurs immediately following the six-month period after the date of his separation of service.
- (5) Includes 28,761 shares held by Mr. Murphy's spouse in a revocable trust of which his spouse is trustee. Mr. Murphy disclaims beneficial ownership of these shares.
- (6) Richard E. Caruso, Ph.D reports a total of 12,402,054 beneficially owned shares in the aggregate which includes 11,982,410 shares held by Tru St Partnership, L.P., a Pennsylvania limited partnership ( Tru St ). Also includes 46,676 shares held by Provco Leasing Corporation ( Provco ), of which Dr. Caruso is President and sole director and 146,292 shares held by The Uncommon Individual Foundation, of which Dr. Caruso is the Chief Executive Officer. Provco is the corporate general partner of Tru St. Dr. Caruso may be deemed to have shared voting and dispositive power over the shares held by Tru St, Provco and The Uncommon Individual Foundation. Also includes 134,134 shares owned by Dr. Caruso and options to purchase 92,542 shares of common stock that are exercisable within 60 days of February 28, 2018. Dr. Caruso disclaims beneficial ownership of the shares held by Tru St, Provco and The Uncommon Individual Foundation, except to the extent of his pecuniary interest therein. Dr. Caruso's address is c/o The Provco Group, LTD, 795 E. Lancaster Avenue, Suite 200, Villanova, PA 19085.
- (7) FMR LLC, a holding company of investment companies, and Abigail P. Johnson each report beneficially owning and having sole dispositive power over 9,664,349 shares of which FMR LLC has sole voting power over 525,001 shares. Members of the Johnson family including Ms. Johnson, Director, Vice Chairman, Chief Executive Officer and President of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family group may be deemed under the Investment Company Act of 1940 (the 1940 Act ) to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Ms. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the 1940 Act, which power resides with the funds' boards of trustees. The foregoing information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in the Schedule 13G filed by FMR LLC with the Securities and Exchange Commission on February 13, 2018.
- (8) Capital Research & Management Co. (Global Investors) has sole voting power of 9,613,126 shares and sole dispositive power over all of the 9,613,126 shares. The foregoing information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in the Schedule 13G/A filed by Capital Research Global Investors. with the Securities and Exchange Commission on February 7, 2018.
- (9) BlackRock, Inc. has sole voting power of 8,135,552 shares and sole dispositive power over all of the 8,135,552 shares. The foregoing information has been included solely in reliance upon, and without



---

**Table of Contents**

independent investigation of, the disclosures contained in the Schedule 13G filed by BlackRock, Inc. with the Securities and Exchange Commission on January 17, 2018.

- (10) The Vanguard Group has sole voting power of 124,171 shares and sole dispositive power of 5,773,144 shares of the total 5,899,122 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, is the beneficial owner of 118,490 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, is the beneficial owner of 13,169 shares as a result of its serving as investment manager of Australian investment offerings. The foregoing information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in the Schedule 13G filed by The Vanguard Group with the Securities and Exchange Commission on February 7, 2018.
- (11) Champlain Investment Partners, LLC has sole voting power of 4,646,075 shares of the total 4,646,075 shares. The foregoing information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in the Schedule 13F filed by Champlain Investment Partners, LLC with the Securities and Exchange Commission on February 8, 2018.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, as well as persons beneficially owning more than 10% of the Company's outstanding shares of common stock and certain other holders of such shares (collectively, "Covered Persons"), to file with the Securities and Exchange Commission, within specified time periods, initial reports of ownership and subsequent reports of changes in ownership of common stock and other equity securities of the Company.

Based solely upon the Company's review of copies of such reports furnished to it and upon representations of Covered Persons that no other reports were required, to the Company's knowledge all of the Section 16(a) filing requirements applicable to Covered Persons were complied with during 2017.

**STOCKHOLDER PROPOSALS**

The deadline for stockholders to submit proposals pursuant to Rule 14a-8 of the Exchange Act for inclusion in the Company's proxy statement and form of proxy for the 2019 Annual Meeting of Stockholders is December 7, 2018. Such proposals must be sent to: Integra LifeSciences Holdings Corporation, 311 Enterprise Drive, Plainsboro, New Jersey 08536, Attention: Corporate Vice President, General Counsel, Administration and Secretary. The date after which notice of a stockholder proposal submitted outside of the processes of Rule 14a-8 of the Exchange Act is considered untimely is December 7, 2018. If notice of a stockholder proposal submitted outside of the processes of Rule 14a-8 of the Exchange Act is received by the Company after December 7, 2018, then the Company's proxy for the 2019 Annual Meeting of Stockholders may confer discretionary authority to vote on such matter without any discussion of such matter in the proxy statement for such annual meeting of stockholders.

Our Bylaws require, among other things, that a stockholder may present a proposal at the 2019 Annual Meeting that is not included in the proxy statement if proper written notice is received by our Corporate Vice President, General Counsel, Administration and Secretary at our principal executive offices between January 17, 2019 and the close of business on February 16, 2019. The proposal must contain the specific information required by our Bylaws. You may obtain a copy of the Bylaws by writing to our Corporate Vice President, General Counsel, Administration and Secretary.

**OTHER MATTERS**

A copy of the Company's 2017 Annual Report to Stockholders is being mailed simultaneously herewith to stockholders but is not to be regarded as proxy solicitation material. In addition, our Code of Conduct, which applies to all of the Company's directors and officers, and the charters for each of our Audit, Compensation, and Nominating and Corporate Governance Committees are accessible via our website at [www.integralife.com](http://www.integralife.com) through the "Investor Relations" link under the heading "Corporate Governance."

**Table of Contents**

**The Company, upon request, will furnish to record and beneficial holders of its common stock, free of charge, a copy of its Annual Report on Form 10-K (including financial statements and schedules, but without exhibits) for the fiscal year ended December 31, 2017 as filed with the Securities and Exchange Commission on February 28, 2018. Copies of exhibits to the Form 10-K also will be furnished upon request and the payment of a reasonable fee. All requests should be directed to the investor relations department, at the offices of the Company set forth on page one of this Proxy Statement.**

By order of the Board of Directors,

/s/ RICHARD D. GORELICK  
Richard D. Gorelick  
*Corporate Vice President, General Counsel,  
Administration and Secretary*

Plainsboro, New Jersey

April 6, 2018

**Table of Contents****APPENDIX A****Reconciliations of Non-GAAP Financial Measures****Reconciliations of GAAP Net Income to EBITDA and Adjusted EBITDA**

<i>(\$ in thousands)</i>	<b>2016</b>	<b>2017</b>
<b>GAAP net income</b>	<b>\$ 74,564</b>	<b>\$ 64,743</b>
<b>Non-GAAP adjustments</b>		
Depreciation expense	31,163	36,110
Intangible asset amortization expense	41,502	56,125
Other (income) expense, net	(845)	(963)
Interest (income) expense, net	25,779	34,764
Income tax (benefit) expense*	15,842	(53,358)
<b>Subtotal of non-GAAP adjustments</b>	<b>113,441</b>	<b>72,678</b>
<b>EBITDA</b>	<b>\$ 188,005</b>	<b>\$ 137,421</b>
Global ERP implementation charges	15,585	2,780
Structural optimization charges	7,794	7,336
Certain employee severance charges	1,446	125
Discontinued product line charges		1,156
Acquisition-related charges	18,898	117,947
Hurricane-related losses		2,758
<b>Total of non-GAAP adjustments</b>	<b>157,164</b>	<b>204,781</b>
<b>Adjusted EBITDA</b>	<b>\$ 231,728</b>	<b>\$ 269,524</b>

\* Fourth quarter 2017 includes a \$37.9M benefit relating to \$43.4M of deferred tax rate changes for the U.S. Tax Cuts and Jobs Act offset by a \$5.5M one-time toll charge imposed on deemed repatriation of foreign untaxed earnings.



**Table of Contents**

Printed with

Inks containing  
Soy and/or  
Vegetable oils

**Table of Contents**

**Table of Contents**