



Integra LifeSciences Announces Acquisition of NeuroSupplies, Inc., a Specialty Distributor of Neurology Supplies

PLAINSBORO, N.J., Dec 7, 2001 (BUSINESS WIRE) -- Integra LifeSciences Holdings Corporation (NASDAQ: IART) announced today that it has acquired NeuroSupplies, Inc., a specialty distributor of disposables and supplies for neurologists, pulmonologists and other physicians, for \$4.3 million.

The purchase price consisted of \$0.4 million in cash paid at closing, a \$3.6 million note payable in January 2002 and 10,000 shares of unregistered Integra common stock.

NeuroSupplies, Inc., based in Waterford, Connecticut, markets a wide variety of neurology supplies. These products are sold to neurologists, hospitals, sleep clinics, and other physicians in the United States as well as through certain OEM and distributor accounts.

NeuroSupplies, Inc. has been renamed Integra NeuroSupplies, effective immediately. Ronald J. Luich, co-founder and President of NeuroSupplies, Inc., will serve as general manager of Integra NeuroSupplies. The company will continue to distribute its products from its Connecticut facility.

Revenues of the acquired business were approximately \$4.0 million in 2000 and \$3.8 million for the nine months ended September 30, 2001, while adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) totaled approximately \$500,000 in 2000 and \$625,000 for the nine months ended September 30, 2001.

Adjusted EBITDA excludes expenses related to certain employee benefit programs that will not be continued under Integra's ownership. Following the acquisition, the financial results of Integra NeuroSupplies will be included in the Integra NeuroSciences segment.

Stuart M. Essig, Integra's President and Chief Executive Officer, commented "NeuroSupplies is an established, profitable, fast-growing leader in a market characterized by fragmented competition. Its more than 6,000 customers extend Integra's reach to the neurologist and allied fields and further into products used for the diagnosis and monitoring of neurological disorders. Neurologists are the referring physicians for Integra's existing neurosurgeon customers. We expect that Integra's sales and marketing infrastructure will be able to deepen the penetration of NeuroSupplies' products into hospitals, Integra NeuroSciences' principal call point. We also expect that NeuroSupplies' non-hospital and private practice based customers will be receptive to any number of Integra's existing products, including the NeuraGen™ Nerve Guide and our line of external ventricular drainage products. We are very excited about this opportunity."

Historically, NeuroSupplies has marketed its products solely through its catalog, which it has mailed once a year to approximately 9,000 customers and potential customers, mostly in the United States.

As Integra NeuroSupplies, the company expects to increase its outbound marketing efforts and leverage the field sales force presence of Integra NeuroSciences to keep its catalog in front of the medical professionals who order its products.

"We are very happy to become part of the Integra family," said Mr. Luich. "The key to success in our business is to broaden our product offerings, keep our products in front of our existing and new customers and then to give those customers excellent service. We will be able to do all of those things even more successfully as part of Integra."

This acquisition is expected to be accretive to Integra's earnings in 2002. It is, however, expected to reduce Integra's consolidated gross margin on product sales by approximately two percentage points in 2002 due to the lower gross margins of the acquired product lines.

Further guidance regarding the projected impact of this acquisition on Integra's financial results will be provided in the fourth quarter 2001 earnings conference call scheduled for February 27, 2002.

Integra NeuroSciences, the neurosurgical products division of Integra, designs, manufactures and sells implants, devices and monitors used in neurosurgery, neurotrauma, and related critical care. Including its eight-person clinical development team, Integra NeuroSciences has a 70 person direct selling effort in the United States and Europe.

Integra NeuroSciences also sells its products in approximately 80 countries worldwide through a network of international distributors.

Integra LifeSciences Holdings Corporation has its corporate headquarters in Plainsboro, New Jersey. Manufacturing and research facilities are located throughout the world. The Company has approximately 600 permanent employees. Please visit the Company's Website at (<http://www.Integra-LS.com>).

The Walden Group, Inc. of Tarrytown, New York advised NeuroSupplies, Inc. in connection with this transaction.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements include, but are not limited to, statements concerning the potential acquisition of new customers and increased product sales, planned sales and marketing initiatives, and anticipated financial results, including future earnings and gross margins on product sales.

Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results.

Among other things, physicians' willingness to try new products may affect the Company's ability to acquire new customers, the Company's sales and marketing efforts may affect its ability to increase sales, the Company's allocation of its financial resources may affect new sales and marketing initiatives, and the Company's ability to successfully manage the acquired business and retain relationships with existing customers may affect its impact on future financial results.

In addition, the economic, competitive, governmental, technological and other factors identified under the heading "Risk Factors" included in the Business section of Integra's Annual Report on Form 10-K/A for the year ended December 31, 2000 and information contained in subsequent filings with the Securities and Exchange Commission could affect actual results.

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