



October 23, 2013

Integra LifeSciences Announces Update on Optimization Initiatives

Plans Closure of Two Manufacturing Facilities

Announces Additional Product Discontinuations

Estimates Impairment to Goodwill in Spine Business

PLAINSBORO, N.J., Oct. 23, 2013 (GLOBE NEWSWIRE) -- Integra LifeSciences Holdings Corporation (Nasdaq:IART) today announced that it plans to eliminate manufacturing operations in Burlington, Massachusetts. Integra also announced that it is consulting with employee representatives to eliminate its manufacturing operations in Andover, England. Integra currently expects these actions to be complete by the end of 2014.

Burlington operations will be consolidated into the Company's facilities in Cincinnati, Ohio and York, Pennsylvania. The proposed changes in Andover, subject to the outcome of consultations, include consolidating electronics assembly into Integra's facility in Ireland and discontinuing certain non-core product lines.

"I want to express my gratitude to our colleagues in Burlington and Andover, for whom we have the greatest respect, for their dedication and hard work over the years," said Peter Arduini, Integra's President and Chief Executive Officer. "Unfortunately, we believe these moves are necessary to remain competitive due to increased costs and regulatory requirements in the medical device market."

Integra plans to record approximately \$0.5 million of expenses in the third quarter and approximately \$1.5 million of expenses in the fourth quarter in connection with these closures. The Company expects to provide additional expense guidance for 2014 with its full year 2014 guidance early next year.

The Company expects the two consolidations to reduce operating expenses beginning in 2015 and reaching the annualized run rate of approximately \$4.5 million per year in 2016.

Optimizing the Product Portfolio

As an extension of the product rationalization initiatives Integra announced in Q3 of 2012, the Company is discontinuing:

- Several products and product lines in the U.S. Instruments segment that are low-margin and low-growth;
- A few small, non-strategic and/or low-margin product lines currently manufactured in Integra's Burlington, Massachusetts and Andover, England manufacturing facilities, reported in the Instruments, Neurosurgery and U.S. Spine & Other segments. Any prospective discontinuations in the Andover, England facility are subject to consultations with employee representatives; and,
- Several small, low-margin, low-growth products and product lines within U.S. Extremities, U.S. Neurosurgery, and International business segments, for the purpose of simplifying the product offering and reducing complexity.

"This simplification of our product portfolio enables our selling and operations teams to focus their efforts on our core product lines, which present the most value to our customers," said Mr. Arduini.

In addition to the product discontinuations discussed above, Integra is identifying the revenues related to products within its Private Label business that are being substantially reduced or eliminated because Integra's customers found other sources during the supply disruptions earlier this year.

Revenues associated with products identified for discontinuation and the affected Private Label revenues were approximately \$28 million in 2011, \$21 million in 2012 and \$8 million in the first half of 2013. Integra expects revenues for these products to be close to zero in 2015.

Goodwill Impairment to U.S. Spine and Other Segment

In addition, the Company estimates that it will record a pre-tax non-cash charge for goodwill impairment of approximately \$50

million related to the Company's U.S. Spine and Other reportable segment during the third quarter. The Company conducts annual impairment tests during the third quarter. A number of factors have resulted in a change in the outlook for the spine market in the U.S., including pressure from payers on utilization of certain types of procedures and on reimbursement rates and prices generally. The change in outlook for the market, together with ongoing Company-specific challenges related to the U.S. Spine and Other reportable segment, contributed to the impairment in the current year.

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

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and reflect the Company's judgment as of the date of this release. Forward-looking statements include, but are not limited to, statements concerning future financial performance, including projections for revenues and non-GAAP adjustments such as goodwill impairment charges. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Such risks and uncertainties include, but are not limited to: the Company's ability to execute its operating plan effectively, the Company's ability to manufacture and ship sufficient quantities of its products to meet its customers' demand; global macroeconomic conditions; continued weakness in sales outside of the U.S.; the Company's ability to manage its direct sales channels effectively; difficulties in controlling expenses, including costs to procure and manufacture our products; the Company's ability to leverage its existing selling organizations and administrative infrastructure; the Company's ability to increase product sales and gross margins, and control non-product costs; the geographic distribution of where the Company generates its taxable income; the effect of legislation effecting healthcare reform in the United States and internationally; and the economic, competitive, governmental, technological and other risk factors and uncertainties identified under the heading "Risk Factors" included in Item 1A of Integra's Annual Report on Form 10-K for the year ended December 31, 2012 and information contained in subsequent filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

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