SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): March 29, 1999

INTEGRA LIFESCIENCES CORPORATION

(Exact name of registrant as specified in its charter)

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

105 Morgan Lane Plainsboro, New Jersey	08536
(Address of principal executive offices)	(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report)

ITEM 2. Acquisition or Disposition of Assets.

On March 29, 1999, Integra LifeSciences Corporation, a Delaware corporation (the "Company"), acquired certain assets and stock held by Heyer-Schulte NeuroCare, L.P. and its subsidiaries, Heyer-Schulte NeuroCare, Inc., Camino NeuroCare, Inc. and Neuro Navigational, LLC (collectively, the "NeuroCare Group"), through the Company's wholly-owned subsidiaries, NeuroCare Holding Corporation ("NeuroCare Holding"), Integra NeuroCare LLC and Redmond NeuroCare LLC. The NeuroCare Group designs, manufactures and sells implants, instruments and monitors used in neurosurgery and intensive care units, primarily for the treatment of hydrocephalus and neurosurgical trauma. The NeuroCare Group's product line includes the Camino, Heyer-Schulte, Redmond and Neuro Navigational brand names, and its assets include a manufacturing, packaging and distribution facility in San Diego, California and a manufacturing facility in Anasco, Puerto Rico, as well as a corporate headquarters in Pleasant Prairie, Wisconsin which the Company intends to close by August 1, 1999. The Company intends to continue the business and operations of the NeuroCare Group through Integra NeuroCare LLC and its subsidiaries (collectively, "Integra NeuroCare").

The purchase price for the NeuroCare Group consisted of $14 million in cash and $11 million of indebtedness assumed by Integra NeuroCare under a term loan from Fleet Capital Corporation ("Fleet"). Fleet is also providing a $4 million revolving credit facility to Integra NeuroCare for working capital and other corporate purposes (together with the term loan, the "Fleet Credit Facility"). All the assets and ownership interests of Integra NeuroCare have been pledged as collateral under the Fleet Credit Facility, and NeuroCare Holding has guaranteed Integra NeuroCare's obligations thereunder. In addition, Integra NeuroCare is subject to various covenants under the Fleet Credit Facility, including restrictions on its ability to transfer funds to the Company or the Company's other subsidiaries. None of the other assets of the Company or its other subsidiaries have been pledged under the Fleet Credit Facility.

The purchase price was financed in part through the sale of $10 million of the Company's Series B Convertible Preferred Stock (the "Series B Preferred Stock") and related warrants (the "Warrants") to SFM Domestic Investments LLC and Quantum Industrial Partners LDC (together, the "Series B Purchasers"), affiliates of Soros Private Equity Partners LLC. The shares of Series B Preferred Stock are convertible into 2,617,800 shares of the Company's common stock. The Warrants are exercisable at any time prior to their expiration on March 28, 2001 for 240,000 shares of the Company's common stock at an exercise price of $3.82 per share. The Company contributed the proceeds from the sale of the Series B Preferred Stock and $4 million of its existing cash to NeuroCare Holding and its subsidiaries to fund the cash portion of the purchase price.

In connection with the purchase of the Series B Preferred Stock and the Warrants, the Company has entered into a Registration Rights Agreement with the Series B Purchasers pursuant to which the Company granted the Series B Purchasers certain registration rights with respect to the shares of common stock of the Company issuable upon conversion of the Series B Preferred Stock and exercise of the Warrants.

ITEM 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Businesses Acquired.

The financial statements of the NeuroCare Group required to be presented and disclosed by this Item in connection with the transactions described in this Report shall be filed by amendment to this Report no later than June 11, 1999.

(b) Pro Forma Financial Information.

The pro forma financial information required to be presented and disclosed by this Item in connection with the transactions described in this Report shall be filed by amendment to this Report no later than June 11, 1999.

(c) Exhibits.

Exhibit Number (Referenced to Item 601 of Regulation S-K)	Description of Exhibit
2	Asset Purchase Agreement dated March 29, 1999 among Heyer-Schulte NeuroCare, L.P., Neuro Navigational, L.L.C., Integra NeuroCare, LLC and Redmond NeuroCare, LLC.*
4.1	Certificate of Designation, Preferences and Rights of Series B Convertible Preferred Stock of Integra LifeSciences Corporation dated March 12, 1999.
4.2	Warrant to Purchase 60,000 Shares of Common Stock of Integra LifeSciences Corporation issued to SFM Domestic Investments LLC.
4.3	Warrant to Purchase 180,000 Shares of Common Stock of Integra LifeSciences Corporation issued to Quantum Industrial Partners LDC.
10.1	Series B Convertible Preferred Stock and Warrant Purchase Agreement dated March 29, 1999 among Integra LifeSciences Corporation, Quantum Industrial Partners LDC and SFM Domestic Investments LLC.*
10.2	Registration Rights Agreement dated March 29, 1999 among Integra LifeSciences Corporation, Quantum Industrial Partners LDC and SFM Domestic Investments LLC.
10.3	Amended and Restated Loan and Security Agreement dated March 29, 1999 among the Lenders named therein, Fleet Capital Corporation, Integra NeuroCare LLC and other Borrowers named therein.*
10.4	Substituted and Amended Term Note dated March 29, 1999 by Integra NeuroCare LLC, Redmond NeuroCare LLC, Heyer-Schulte NeuroCare, Inc. and Camino NeuroCare, Inc. to Fleet Capital Corporation.
99	Press Release issued by Integra LifeSciences Corporation on March 29, 1999.

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* Schedules and other attachments to the indicated exhibit have been omitted. The Company agrees to furnish supplementally to the Commission upon request a copy of any omitted schedules or attachments.

SIGNATURES

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

INTEGRA LIFESCIENCES CORPORATION

Date: April 13, 1999

By: /s/Stuart M. Essig

Stuart M. Essig, President and
Chief Executive Officer

INDEX OF EXHIBITS

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Exhibit 2

ASSET PURCHASE AGREEMENT

Among

HEYER-SCHULTE NEUROCARE, L.P.,

NEURO NAVIGATIONAL, L.L.C.,

INTEGRA NEUROCARE LLC

And

REDMOND NEUROCARE LLC

Dated as of March 29, 1999

ASSET PURCHASE AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into as of March 29, 1999, among Integra NeuroCare LLC, a Delaware limited liability company ("INLLC"), and Redmond NeuroCare LLC, a Delaware limited liability company ("Redmond"), and Heyer-Schulte NeuroCare, L.P., a Delaware limited partnership ("HSNLP") and Neuro Navigational, L.L.C., a Delaware limited liability company and a wholly-owned subsidiary of HSNLP ("Neuro Nav"). Integra, INLLC and Redmond are collectively referred to herein as the "Buyers" and each is referred to herein as a "Buyer." HSNLP and Neuro Nav are collectively referred to herein as the "Sellers" and each is referred to herein as a "Seller." Buyers and Sellers are referred to collectively herein as the "Parties," and other capitalized terms used herein and not otherwise defined are defined in Article VIII below.

Sellers and the Subsidiaries are engaged in the business of researching, developing, manufacturing, selling and distributing neurological and hemodynamic shunting, monitoring and related products, neurological endoscopy and related products and neurosurgical instruments and related products and other neurosurgery and intensive care and related products (the "Business").

Subject to the terms and conditions set forth in this Agreement, Sellers desire to sell to Buyers, and Buyers desire to acquire from Sellers, substantially all of the assets of Sellers (including all interests in the Subsidiaries), and Sellers desire to assign to Buyers, and Buyers desire to assume from Sellers, substantially all of the liabilities of Sellers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

BASIC TRANSACTION

1.1 Purchase and Sale of Assets. On and subject to the terms and conditions of this Agreement, at the Closing (as hereinafter defined), except for Excluded Assets, Buyers shall purchase from Sellers, and Sellers shall sell, transfer, convey and deliver to Buyers, all right, title and interest of Sellers in and to all of their respective assets and property as it exists as of the Closing, including, without limitation, all of their right, title and interest in the following:

(1) all accounts, notes and other receivables;

(2) all raw materials and supplies, manufactured and purchased parts, work-in-process, finished goods and other items of inventory;

(3) all machinery, equipment, furniture, fixtures, leasehold improvements (including, without limitation, leasehold improvements made on the premises subject to the Pleasant Prairie Lease, whether such lease is transferred to Buyers by assignment or sublease), vehicles, tooling, molds, dies and other tangible personal property;

(4) all fee, leasehold and other interests in real property;

(5) all Intellectual Property, including, without limitation, the names "Heyer-Schulte NeuroCare," "Innerspace," "NeuroCare," "Camino NeuroCare," "Neuro Navigational," "Redmond Diamond Kerrison," "Ventrix" and goodwill associated therewith, remedies against infringements thereof and rights to protection of interests therein under the laws of all jurisdictions;

(6) all agreements, contracts, leases, licenses, commitments, purchase orders and other similar arrangements (collectively, the "Assumed Contracts");

(7) all prepayments, deposits and prepaid expenses to the extent transferable and all insurance policies;

(8) all claims, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of any kind, including warranties, indemnities (including, without limitation, indemnities with respect to prior acquisitions and insurance proceeds with respect to Assumed Liabilities) and other intangible assets;

(9) all franchises, approvals, permits, licenses, orders, registrations, certificates, consents, authorizations of, or declarations to or filings with, and variances and similar rights obtained from governments and governmental agencies (collectively, the "Permits") to the extent transferable;

(10) all books, records, ledgers, files, documents, correspondence, lists, drawings, and specifications, advertising and promotional materials, studies, reports, and other printed or written materials;

(11) all of the capital stock of Camino and HSN, Inc.;

(12) all rights to payment under any settlement agreements, including, without limitation, royalty payments;

(13) all cash and cash equivalents; and

(14) all other property owned by Sellers or in which Sellers have an interest as of the Closing Date (as hereinafter defined).

In addition, Sellers shall cause Saba Medical Management Co., Inc., a Delaware corporation ("Saba, Inc."), to transfer, convey and deliver to Buyers all right, title and interest of

Saba, Inc. in and to the Employment Agreement between Saba, Inc. and Roderick G. Johnson (the "Johnson Employment Agreement"). All of the assets and property set forth in this Section 1.01 is referred to herein as the "Acquired Assets".

1.2 Excluded Assets. Notwithstanding the foregoing provisions of Section 1.01 above, the Acquired Assets shall not include any of the following assets and property of Sellers or the Subsidiaries (the "Excluded Assets"), which shall not be conveyed to Buyers:

(1) the Directors and Officers Liability/Employment Practices insurance policies covering the Sellers and Subsidiaries (policies GPL1000281, IXG960322 and FD022500N) (the "D&O Policies") and prepaid premiums with respect thereto and benefits under Sellers' other insurance policies (but not the policies) to the extent such benefits cover Excluded Liabilities;

(2) the bank account of HSNLP at LaSalle National Bank, account no. 8600726718, and all funds therein;

(3) Each Seller's formation and organizational documents (including partnership agreements and/or operating agreements), qualifications to conduct business as a foreign entity, arrangements with registered agents relating to foreign qualifications, any identification numbers, seals, minute books, and other documents relating to the organization, maintenance, and existence of such Seller;

(4) all claims, deposits, prepayments, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment (including warranties, indemnities and other intangible assets) with respect to any Excluded Asset;

(5) the Contribution Agreement, the Management Agreement and the Investment Agreement; and

(6) all rights of Sellers arising under this Agreement and under any other agreement between Buyers or their Affiliates and Sellers entered into in connection with this Agreement.

1.3 Assumption of Liabilities. On and subject to the terms and conditions of this Agreement at the Closing, Buyers shall expressly assume all of the liabilities and obligations (other than Excluded Liabilities) of whatever kind and nature, primary or secondary, direct or indirect, absolute or contingent, liquidated or unliquidated, known or unknown, whether or not accrued, whether or not set forth on any Disclosure Schedule, whether arising before, on or after the Closing Date, regardless of when asserted (i) of the Sellers, including, without limitation, the following liabilities and obligations of Sellers and the Subsidiaries:

(1) all notes and accounts payable;

(2) all accrued liabilities and expenses (including, without limitation, accrued salary and wages, bonuses and accrued vacation pay);

(3) all obligations and liabilities under the Assumed Contracts;

(4) all obligations and liabilities for refunds, advertising, coupons, adjustments, allowances, repairs, exchanges, returns and warranty, merchantability and other claims;

(5) all liabilities and obligations imposed by laws, statutes, governmental rules and regulations, including Environmental and Safety Requirements;

(6) all judgments, orders and decrees and all pending claims and litigation relating to any such liabilities and obligations; and

(7) all obligations and liabilities of the Sellers set forth on the Disclosure Schedules and all other obligations and liabilities arising out of the conduct of the Business (including, without limitation, product liability and infringement claims, obligations and liabilities arising under or relating to the activities and operations of third-party contract manufacturers);

and (ii) of Saba, Inc. under the Johnson Employment Agreement (including, without limitation, all accrued salary and wages, bonuses and accrued vacation pay). All of the liabilities and obligations set forth in this Section 1.03 are referred to herein as the "Assumed Liabilities."

1.4 Excluded Liabilities. Notwithstanding anything to the contrary contained in this Agreement or any of the Disclosure Schedules, Buyers shall not assume or be liable for any of the following obligations or liabilities of Sellers or the Subsidiaries (the "Excluded Liabilities"):

(1) all Income Taxes (if any) of Sellers (but not the Subsidiaries, it being understood that this provision shall not negate any indemnification obligation of Sellers under Section 7.02 with respect to Taxes of the Subsidiaries);

(2) the Subordinated Notes and any other indebtedness, guaranties or similar obligations owed by Sellers or the Subsidiaries to or for the benefit of Saba, Inc. or Saba Medical Group, L.P., a Delaware limited partnership ("Saba, LP");

(3) liabilities for principal payments, if any are ever payable, under the Redmond Notes in excess of $100,000 in the aggregate;

(4) the Heyer-Schulte NeuroCare, L.P. Special Units Plan and the purchase agreements and other documents relating thereto;

(5) the Excluded Plans;

(6) liabilities relating to the Surgical Sales Corporation d/b/a Connell Neurosurgical v. Heyer-Schulte NeuroCare, L.P., et al. litigation, other than investigation and defense fees and expenses paid or accrued on or prior to the Closing Date;

(7) the Contribution Agreement, the Management Agreement and the Investment Agreement;

(8) all liabilities and obligations arising from any suit, action or other litigation related to or arising out of the transactions contemplated hereby by any stockholder, unitholder or holder of Subordinated Notes; and

(9) all liabilities and obligations of Sellers arising under this Agreement and under any other agreement between Buyers or their Affiliates and Sellers entered into in connection with this Agreement including, without limitation, payment obligations of Sellers to third parties arising under this Agreement, including the fees and expenses of Piper, Jaffray Inc. ("Piper") and the other fees and expenses allocated to Sellers under Section 9.03.

1.5 Purchase Price. The aggregate purchase price for the Acquired Assets (the "Purchase Price") shall consist of $14.0 million in cash payable at the Closing by wire transfer of funds to an account designated by Sellers (it being understood that on the Closing Date the Sellers shall repay an amount outstanding under the Loan and Security Agreement equal to the amount that would have been required to be repaid to reduce the outstanding balance, including unpaid interest and unpaid line fees, under the revolver portion of the Security and Loan Agreement to zero and under the term loan portion to $11.0 million as of the business day prior to the Closing Date) (the "Cash Payment").

1.6 Adjustment Amount.

(1) No later than 45 calendar days following the Closing Date (or such longer period as it shall take Arthur Andersen LLP, independent auditors for Seller ("AA") to complete the agreed upon procedures), Sellers shall, at Buyers' expense and with the full cooperation and assistance of Buyers and their personnel, prepare and deliver to Buyers (i) a combined consolidated balance sheet dated as of the second business day immediately preceding the Closing Date reflecting the financial condition of the Saba Group as of the close of business on the second business day immediately preceding the Closing Date (the "Closing Balance Sheet"), and (ii) a reasonably detailed calculation of the Adjustment Amount described below. The Closing Balance Sheet shall be prepared in accordance with GAAP, consistent in all respects with the preparation of the Latest Balance Sheet, including past policies, practices and procedures, shall fairly and accurately present the financial condition of the Saba Group as of the close of business on the second business day immediately preceding the Closing Date, and shall be reviewed by AA in accordance with the procedures to be mutually agreed upon by Buyers and Sellers. The Parties shall use reasonable efforts to cause AA to complete its review within 30 days of the Closing Date.

(2) Adjustment Amount. If (i) the Adjusted Closing Date Working Capital is less than the Adjusted Year End Working Capital, Sellers shall pay to Buyers an amount equal to the difference between the Adjusted Closing Date Working Capital and the Adjusted Year End Working Capital and (ii) if the Adjusted Closing Date Working Capital is greater than the Adjusted Year End Working Capital, Buyers shall pay to Sellers an

amount equal to the difference between the Adjusted Closing Date Working Capital and the Adjusted Year End Working Capital (the amount of any such payment by Sellers or Buyers being referred to as the "Adjustment Amount").

(3) Disputed Adjustment Amount. Buyers shall have 15 days after receipt of the Closing Balance Sheet and the calculation of the Adjustment Amount (hereinafter, the "Dispute Period") to examine the Closing Balance Sheet and calculation of the Adjustment Amount and to determine if they propose any adjustments to amounts set forth therein, and Buyers shall provide a written notice to Sellers (a "Dispute Notice") within the Dispute Period setting forth such proposed adjustments (if any). For a period of 30 days after delivery of the Dispute Notice, Buyers and Sellers shall meet and attempt to resolve such proposed adjustments and upon reaching agreement shall set forth such agreement in writing and prepare a final Closing Balance Sheet and final calculation of the Adjustment Amount. In the event that Sellers and Buyers are unable to resolve any such Dispute within the 30-day period (or such longer period as the Parties may mutually agree), then within 10 days the Parties shall jointly select an independent auditor of recognized national standing to settle any remaining dispute (which the Parties initially agree will be Ernst & Young, if Ernst & Young will accept such appointment). The independent auditor shall consider only those disputed items and amounts set forth in the Dispute Notice and unresolved by the Parties. The independent auditor's determination with respect to any dispute shall be the exclusive method for the resolution of such dispute, shall be final and binding upon the parties hereto and may be enforced by any court of competent jurisdiction. The Parties shall use reasonable efforts to cause the independent auditor to make its determination within 30 days of accepting its selection.

(4) Payment of Adjustment Amount. Within 10 days after (i) the end of the Dispute Period, if Buyers do not within the Dispute Period dispute the Closing Balance Sheet or the Adjustment Amount, (ii) Buyers and Sellers mutually agree as to the Closing Balance Sheet and the Adjustment Amount or (iii) the independent auditor has made its final determination and the calculation of Closing Balance Sheet and the Adjustment Amount, the Adjustment Amount shall be paid by the Buyers or the Sellers, as applicable, by wire transfer of immediately available funds. The independent auditor shall allocate its costs and expenses between Buyers and Sellers based upon the percentage which the portion of the contested amount not awarded to each Party bears to the amount actually contested by such Party.

1.7 Allocation of the Purchase Price and Assumed Liabilities. The Purchase Price and Assumed Liabilities shall be allocated among the Acquired Assets as set forth on the Purchase Price and Assumed Liabilities Allocation Schedule. Buyers shall deliver the Purchase Price and Assumed Liabilities Allocation Schedule to the Sellers within 10 days after final resolution of all disputes with respect to the Closing Balance Sheet. It is understood that no less than $17 million in the aggregate shall be allocated to the capital stock of the Subsidiaries on such schedule. The allocation of the Purchase Price and Assumed Liabilities among the Acquired Assets shall be made pursuant to Code Section 1060 and shall be used by the Parties in preparing Form 8594 (Asset Acquisition Statement) for each of Buyers and Sellers and all Tax Returns of Buyers and Sellers. Buyers and Sellers shall each file Form 8594, prepared in accordance with this Section 1.07, with its federal income Tax Return for the tax period in which the Closing occurs. The

Parties agree that all allocations made pursuant to this Section 1.07 are binding upon them and upon each of their successors and assigns, and that they shall report the transaction herein in accordance with such allocations.

ARTICLE II

CLOSING OF THE TRANSACTION

2.1 The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Kirkland & Ellis in Chicago, Illinois, at 10:00 a.m. local time on March 29, 1999, or such other time, date or place as the Parties may mutually determine (the "Closing Date").

2.2 Deliveries at the Closing. At the Closing:

(1) Sellers shall deliver to Buyers (i) the various certificates, instruments and documents referred to in Section 3.01 below, (ii) a bill of sale and assignment in form and substance reasonably acceptable to Buyers, (iii) Intellectual Property transfer documents in form and substance reasonably acceptable to Buyers, if any are reasonably required, and (iv) such other instruments of sale, transfer, conveyance and assignment as Buyers reasonably may request; and

(2) Buyers shall deliver to Sellers (i) an amount equal to the Cash Payment by wire transfer of immediately available funds to an account specified by Sellers, (ii) the various certificates, instruments and documents referred to in Section 3.02 below, (iii) an assumption agreement in form and substance reasonably acceptable to Sellers and (iv) such other instruments of assumption as Sellers reasonably may request.

ARTICLE III

CONDITIONS TO OBLIGATION TO CLOSE

3.1 Conditions to Obligation of Buyers. The obligation of Buyers to consummate the transactions contemplated by this Agreement is subject to satisfaction of the following conditions as of the Closing Date:

(1) the representations and warranties set forth in ARTICLE IV below are true and correct in all material respects, without duplication of any materiality standard therein contained, at and as of the date hereof (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all material respects without duplication of any material standard therein contained as of that date), and shall be true and correct in all material respects, without duplication of any materiality standard contained therein, at and as of the Closing Date (except those representations and warranties that address matters only as of a particular date, which shall be true and correct as of that date) as though then made and as though the Closing Date was substituted for the date of this Agreement throughout such representations and warranties, except for changes expressly

contemplated by this Agreement or attributable to matters disclosed by Sellers in the Disclosure Schedules which do not have a Material Adverse Effect;

(2) the Sellers shall have performed and complied with in all material respects all of the covenants and agreements required to be performed by them hereunder at or prior to the Closing;

(3) no action, suit or proceeding shall be pending before any court, arbitrator or other body or administrative agency of any federal, state, local or foreign jurisdiction wherein an unfavorable injunction, judgment, order, decree, ruling or charge would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded (and no such injunction, judgment, order, decree, ruling or charge shall be in effect);

(4) the Sellers shall have procured all material third party consents to items identified on the Third-Party Consents Schedule attached hereto, and Buyers shall have received copies thereof;

(5) all material governmental filings, consents, authorization and approvals that are required for the consummation of the transactions contemplated hereby (all of which items are set forth on the Governmental Consents Schedule attached hereto) shall have been made and obtained, and Buyers shall have received copies thereof;

(6) the Sellers shall have delivered to Buyers a certificate in the form set forth in Exhibit A attached hereto, dated the Closing Date, to the effect that each of the conditions specified above in Section 3.01(a) and (b), inclusive, have been satisfied;

(7) the Sellers shall have delivered to Buyers certified copies of the resolutions duly adopted by the general partner or managing member, as applicable, of such Seller authorizing the execution, delivery and performance of this Agreement and each of the other agreements contemplated hereby;

(8) Sellers shall have delivered an opinion, dated as of the Closing Date, of Kirkland & Ellis, special counsel to Sellers, with respect to the matters set forth on Exhibit B attached hereto;

(9) Fleet Capital shall simultaneously execute the assumption documents in connection with the assumption of the Loan and Security Agreement by Buyers and certain other parties thereto;

(10) Buyers shall have received assurances from AA reasonably satisfactory to them, that AA will consent to the incorporation of their audit reports on each of Saba Groups' 1996, 1997 and 1998 audited financial statements into future filings by Integra LifeSciences Corporation, a Delaware corporation ("Integra"), with the Securities and

Exchange Commission upon receipt by AA of information reasonably requested by AA regarding Buyers and upon certain changes being made to such financial statements so that they conform to Regulation S-X of the Securities and Exchange Commission;

(11) Since the date hereof, there shall not have been any Material Adverse Effect (other than as a result of contingencies specifically disclosed on the Disclosure Schedules);

(12) Sellers shall simultaneously repay an amount outstanding under the Loan and Security Agreement equal to the amount that would have been required to be paid to reduce the outstanding balance, including unpaid interest and unpaid fees, under the revolving loan portion of the Loan and Security Agreement to zero and the balance outstanding under the term loan portion to $11.0 million on the business day prior to the Closing Date;

(13) Sellers shall have delivered to Buyers such other documents relating to the transactions contemplated by this Agreement as Buyers or their special counsel may reasonably request. Buyers may waive any condition specified in this Section 3.01 if it executes a writing so stating at or prior to the Closing.

3.2 Conditions to Obligation of Each Seller. The obligation of each Seller to consummate the transactions contemplated by this Agreement is subject to satisfaction of the following conditions as of the Closing Date:

(1) the representations and warranties set forth in ARTICLE V below are true and correct in all material respects, without duplication of any materiality standard therein contained, at and as of the date hereof (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all material respects without duplication of any materiality standard contained therein, as of that date), and shall be true and correct in all material respects, without duplication of any materiality standard contained therein, at and as of the Closing Date (except those representations and warranties that address matters only as of a particular date, which shall be true and correct as of that date) as though then made and as though the Closing Date was substituted for the date of this Agreement throughout such representations and warranties,

(2) Buyers shall have performed and complied with in all material respects all of its covenants and agreements required to be performed by it hereunder at or prior to the Closing;

(3) no action, suit or proceeding shall be pending before any court, arbitrator or other body or administrative agency of any federal, state, local or foreign jurisdiction wherein an unfavorable injunction, judgment, order, decree, ruling or charge would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause

such transactions to be rescinded (and no such injunction, judgment, order, decree, ruling or charge shall be in effect);

(4) all consents that are required as a result of the transactions contemplated hereunder in order to prevent a material breach of or a material default under or a termination of any material agreement related to the Business to which any Seller is a party or to which any material portion of such Seller's property related to the Business is subject (all of which consents are set forth on the Third-Party Consents Schedule attached hereto) shall have been obtained, and Sellers shall have received copies thereof;

(5) all material governmental filings, consents, authorizations and approvals that are required for the consummation of the transactions contemplated hereby (all of which items are set forth on the Government Consents Schedule) shall have been duly made and obtained, and Sellers shall have received copies thereof;

(6) Buyers shall have delivered to Sellers a certificate in the form set forth in Exhibit C attached hereto to the effect that each of the conditions specified above in Sections 3.02(a) and (b), inclusive, is satisfied;

(7) Buyers shall have delivered to Sellers certified copies of the resolutions duly adopted by its board of directors or other similar body authorizing the execution, delivery and performance of this Agreement and each of the other agreements contemplated hereby;

(8) Buyers shall have delivered to Sellers the opinions, dated as of the Closing Date, of Drinker Biddle & Reath LLP, special counsel to Buyers, and of GoodSmith, Gregg & Unruh, special counsel to the Buyers, with respect to the matters set forth on Exhibit D attached hereto;

(9) Buyers and each of the other parties thereto shall have executed an amendment and restatement of the Loan and Security Agreement releasing the Sellers, Saba, LP, Saba, Inc. and their Affiliates (other than the Subsidiaries) from their obligations thereunder and under the Loan Documents (as defined therein); and

(10) Buyers shall have delivered to each Seller such other documents relating to the transactions contemplated by this Agreement as such Seller or its special counsel may reasonably request.

Sellers may waive any condition specified in this Section 3.02 if they execute a writing so stating at or prior to the Closing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller represents and warrants to Buyers as follows:

4.1 Organization and Corporate Power. Each Seller and each of the Subsidiaries is a limited partnership, limited liability company or corporation, as applicable, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with full partnership, limited liability company or corporate (as applicable) authority to carry out its business as currently conducted and to execute and to deliver this Agreement (to the extent it is a party) and each of the other agreements contemplated hereby to which it is a party and to perform its obligations hereunder and thereunder. The Foreign Qualification Schedule attached hereto lists all of the jurisdictions in which each Seller and each of the Subsidiaries is qualified to do business, which constitute all of the jurisdictions in which such entity is required to be qualified (except where the failure to have such qualification would not have a Material Adverse Effect).

4.2 Authorization. The execution, delivery and performance of this Agreement and each of the other agreements contemplated hereby to which it is a party by each Seller and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite partnership or limited liability company action (as applicable), no other proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement and each of the other agreements contemplated hereby to which it is a party. This Agreement and each of the other agreements contemplated hereby constitutes the valid and legally binding obligation of each Seller (to the extent it is a party to such agreement), enforceable in accordance with its terms and conditions.

4.3 No Violation. Except as set forth on the Authorization Schedule attached hereto, the execution, delivery and performance of this Agreement by each Seller and each of the other agreements contemplated hereby to which it is a party and the consummation of the transactions contemplated hereby do not and will not, with or without the giving of notice or passage of time, conflict with or result in any breach of any of the provisions of, or constitute a default or event of default under, result in a violation of, result in the creation of any lien, security interest, charge or encumbrance upon any assets of either Seller or either Subsidiary or require any authorization, consent, approval, exemption or other action by or notice to any Person, under the provisions of (i) either Seller's or either Subsidiary's organizational documents, (ii) any indenture, mortgage, lease, loan agreement or other agreement or instrument to which either Seller or either Subsidiary is bound, or (iii) any law, statute, rule or regulation or order, judgment or decree to which either Seller or either Subsidiary is subject, except in the case of clauses (ii) or (iii) hereof, where such conflict, breach, lien failure, default or violation would not have a Material Adverse Effect or would not have a material adverse effect on the ability of the Sellers to comply with their obligations under this Agreement.
4.4 Subsidiaries and Investments. The Subsidiaries Schedule sets forth for each Subsidiary (i) its name and jurisdiction of organization, (ii) the number of shares of authorized capital stock of each class of its capital stock and the par value, (iii) the number of issued and outstanding shares of each class of its capital stock, and (iv) its directors and officers. All of the issued and outstanding shares of capital stock or other equity interests of each Subsidiary have been duly authorized and are validly issued, fully paid and nonassessable, are owned by HSNLP free and clear of any liens (other than liens in connection with the Loan and Security

Agreement), are not subject to any agreement regarding their voting or transfer and have not been offered or sold in violation of the Securities Act of 1933, as amended (the "Securities Act") or any preemptive rights. Except as set forth on the Subsidiaries Schedule or the Investments Schedule attached hereto, (i) neither Subsidiary has any other capital stock authorized, issued or outstanding and there are not outstanding any subscriptions, calls, commitments, warrants or options for the purchase of shares of any capital stock of either Subsidiary or any other commitments of any kind for the issuance of additional shares of capital stock or other securities of either Subsidiary and (ii) neither Seller owns or holds the right to acquire any stock, partnership interest or joint venture interest or other equity ownership interest in any Person other than Neuro Nav.

4.5 Financial Statements. Sellers have furnished Buyers with copies of (i) the audited combined consolidated balance sheet as of December 31, 1998, and the related statement of income and cash flows for the twelve-month period then ended (such balance sheet referred to herein as the "Latest Balance Sheet") of Saba Medical Management Co., Inc., a Delaware corporation, Saba Medical Group, L.P., a Delaware limited partnership, and their subsidiaries (the "Saba Group") and (ii) the audited combined consolidated balance sheet and statements of income and cash flows for the fiscal year ended December 31, 1997 of the Saba Group (collectively, the "Financial Statements"). Except as set forth on the Accounting Schedule attached hereto, the Financial Statements have been based upon the information contained in Saba Group's books and records, have been prepared in accordance with GAAP, consistently applied throughout the periods indicated (except as described in the notes thereto), and present fairly in all material respects the financial condition, results of operations and cash flows of the Saba Group as of the times and for the periods referred to therein.

4.6 Accounts Receivable. Except as set forth on the Accounts Receivable Schedule, each account receivable of Sellers or the Subsidiaries reflected on the Latest Balance Sheet or on the Closing Balance Sheet (each, an "Account Receivable" and collectively, the "Accounts Receivable"):

(1) is genuine and is not evidenced by a judgment;

(2) arises out of a bona fide sale and delivery of goods or rendition of services by the Sellers or the Subsidiaries in the ordinary course of business; and the debtor thereunder is not an Affiliate of any Seller or Subsidiary;

(3) is for a liquidated amount;

(4) to the Knowledge of Sellers, is not subject to any offset, deduction defense, dispute or counterclaim that would reasonably be expected to exceed in the aggregate the aggregate amount of the reserves therefore reflected on the Latest Balance Sheet or the Closing Balance Sheet, as applicable; and

(5) none of the Sellers or the Subsidiaries has made any agreement with the debtor thereunder for any compromise or settlement of such Account

Receivable or any deduction therefrom that would exceed the aggregate amount of the reserves reflected on the Latest Balance Sheet or the Closing Balance Sheet, as applicable.

4.7 Inventory. Except as set forth on the Inventory Schedule, the inventory of the Sellers and the Subsidiaries reflected in the Latest Balance Sheet and the Closing Balance Sheet consisted as of such date of a quality usable and salable in the ordinary course of business except for obsolete items and items of below-standard quality, which, in the aggregate, after taking into account any reserves or provisions therefor, has been written off or written down to net realizable value in the Latest Balance Sheet or the Closing Balance Sheet, as applicable, and the inventory not written off, in the aggregate, after taking into account any reserves or provisions therefor, has been priced at the lower of cost or market on a first in, first out basis.

4.8 Right to Use Assets. Sellers and the Subsidiaries own or have the right to use all of the assets that are material to the conduct of the business as it is currently conducted.

4.9 Undisclosed Liabilities. To the Knowledge of Sellers, except as set forth on the Additional Liabilities Schedule attached hereto, none of the Sellers or the Subsidiaries has any liabilities or obligations of any nature (whether absolute, accrued, contingent, matured or unmatured or otherwise) except for (a) liabilities or obligations reflected on or reserved against in the Latest Balance Sheet; (b) liabilities or obligations incurred in the ordinary course of business since the date thereof; (c) liabilities or obligations under Assumed Contracts and (d) liabilities or obligations disclosed in the Disclosure Schedules or not required to be so disclosed because of their failure to meet the materiality thresholds set forth herein.

4.10 Absence of Certain Developments. Since the date of the Latest Balance Sheet, there has not been any Material Adverse Effect. Except as set forth on the Developments Schedule attached hereto and except as expressly contemplated by this Agreement, since the date of the Latest Balance Sheet, neither Seller nor any of the Subsidiaries has:

(1) borrowed any amount or incurred or become subject to any material liabilities, except liabilities incurred in the ordinary course of business, liabilities under contracts entered into in the ordinary course of business and borrowings from banks (or similar financial institutions) necessary to meet ordinary course working capital requirements;

(2) mortgaged, pledged or subjected to any material lien, charge or other encumbrance, any material portion of its assets, except liens for current property taxes not yet due and payable;

(3) sold, assigned or transferred any portion of its tangible assets, except in the ordinary course of business;

(4) sold, assigned or transferred any material Intellectual Property;

(5) suffered any material extraordinary losses or waived any rights of material value;

(6) made any distributions to partners of HSNLP;

(7) made any capital expenditures or commitments therefor except in the ordinary course of business;

(8) entered into any other transaction except in the ordinary course of business;

(9) increased the compensation, commissions and perquisites payable to any officer, employee or agent of the Sellers or the Subsidiaries, made any payment of any bonus or other extraordinary compensation to any officer, employee or agent of the Sellers or the Subsidiaries or entered into any agreement to make any such increase or payment, other than any such increase or payment paid or to become payable in the ordinary course of business consistent with past practice other than with respect to any Executive Officer;

(10) experienced any damage, destruction or casualty loss, whether or not covered by insurance, in excess of $50,000;

(11) entered into any other Affiliate transaction, contract or arrangement;

(12) made any change in accounting practices;

(13) settled any litigation; and

(14) suffered any strike, work stoppage or other material labor problem (other than the resignation or potential resignation of employees or officers of the Sellers or the Subsidiaries).

4.11 Title to Properties; Leased Real Property.

(1) The real property demised by the leases described on the Leased Real Property Schedule attached hereto constitutes all of the real property leased by each Seller and the Subsidiaries.

(2) To the Knowledge of Sellers, the leases described on the Leased Real Property Schedule are in full force and effect, and one of the Sellers or the Subsidiaries, as applicable, holds a valid and existing leasehold interest under each of the leases for the term set forth on the Leased Real Property Schedule. Sellers have delivered to Buyers complete and accurate copies of each of the leases described on the Leased Real Property Schedule, and none of the leases have been modified from the copies of such leases previously delivered to Buyers. Neither Seller nor any of the Subsidiaries is in default in any material respect under any of such leases.

(3) none of Sellers or the Subsidiaries owns fee title to any real property.

(4) Except for matters which would not have a Material Adverse Effect, Sellers and the Subsidiaries own good and marketable title to (i) all of the tangible personal property shown on the Latest Balance Sheet (other than personal property disposed of in the ordinary course of business since the date of the Latest Balance Sheet) and (ii) all of the tangible personal property shown on the Closing Balance Sheet, free and clear of all liens, security interests and other encumbrances, except for Permitted Liens.

4.12 Tax Matters.

(1) Except as set forth on the Taxes Schedule, each Seller and each of the Subsidiaries has filed all federal and all material foreign, state, county and local income, excise, property and other Tax Returns which are required to be filed by it. Except as set forth on the Taxes Schedule, all taxes shown as owing by each Seller and each of the Subsidiaries on all such Tax Returns have been fully paid or properly accrued, (ii) all such Tax Returns are true and correct in all material respects and, in the case of the Subsidiaries, in all respects; (iii) the provision for Taxes on the Latest Balance Sheet is sufficient for all accrued and unpaid Taxes prior to the date thereof as of the date thereof; and (iv) all Taxes which either Seller or any of the Subsidiaries is obligated to withhold from amounts owing to any employee, creditor or third party have been fully paid or properly accrued.

(2) With respect to Tax matters of Sellers or the Subsidiaries, there are no actions, suits, investigations, orders or proceedings pending or, to the Knowledge of Sellers, threatened against Sellers or the Subsidiaries, at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

(3) None of the Subsidiaries: (i) has filed a consent or agreement under Section 341(f) of the Code; (ii) is obligated to make any payments, or is a party to any agreement that under certain circumstances could obligate it to make any payments, that will be nondeductible by reason of Section 280G of the Code; (iii) is subject to any adjustment under Section 481(a) of the Code as a result of any change in accounting method; (iv) uses the LIFO method of inventory accounting; (v) owns any shares of stock in a passive foreign investment company, as defined in Section 1297 of the Code; or (vi) has transferred any intangible property to a foreign corporation in an exchange described in Section 367(d) of the Code.

4.13 Contracts and Commitments.

(1) Except as set forth on the Contracts Schedule attached hereto, neither Seller nor any of the Subsidiaries is a party to any: (i) collective bargaining agreement or contract with any labor union; (ii) bonus, pension, profit sharing, retirement or other form of deferred compensation plan; (iii) contract for the employment of any officer, individual employee or other person on a full-time or consulting basis; (iv) agreement or indenture relating to the borrowing of money or to mortgaging, pledging or otherwise placing a lien on any material portion of such entity's assets; (v) guaranty of any obligation for borrowed money or other material guaranty; (vi) lease or agreement under which it is lessee of, or holds or

operates any personal property owned by any other party, for which the annual rental exceeds $50,000; (vii) lease or agreement under which it is lessor of or permits any third party to hold or operate any personal property for which the annual rental exceeds $50,000; (viii) contract or group of related contracts with the same party for the purchase of products or services, under which the undelivered balance of such products or services has a purchase price in excess of $100,000; (ix) contract or group of related contracts with the same party for the sale of products or services under which the undelivered balance of such products or services has a sales price in excess of $100,000; or (x) contract or arrangement with any director, equityholder or other Affiliate including arrangements governing the right to use assets used in the Business; (xi) confidentiality agreement restricting the Sellers or the Subsidiaries from disclosing any information (xii) confidentiality agreement with the Sellers or the Subsidiaries Known to Sellers restricting others from disclosing any information regarding the Sellers or the Subsidiaries; (xiii) non-compete agreement restricting the Sellers or the Subsidiaries from freely engaging in business anywhere in the world; (xiv) non-compete agreement with the Sellers or the Subsidiaries Known to Sellers restricting others from freely engaging in business in competition with the Sellers or the Subsidiaries anywhere in the world; (xv) power of attorney or agency agreement; (xvi) contract for contingent payments relating to acquisitions; or (xvii) other contract that remains material to the Sellers and Subsidiaries as of the date hereof.

(2) Except as set forth on the Contracts Schedule, neither Seller nor any of the Subsidiaries is in default (and no event which, with the passage of time or giving of notice, or both, would constitute a default has occurred) under any contract listed on the Contracts Schedule, except where such default would not have a Material Adverse Effect and none of the Sellers or the Subsidiaries has provided or received any written notice of any default under the Loan and Security Agreement.

4.14 Intellectual Property. The Intellectual Property Schedule sets forth all of the patents, registered trademarks, registered service marks, corporate names, registered copyrights and any applications for registration thereof owned by the Sellers or the Subsidiaries (collectively, "Scheduled Intellectual Property"), and the Sellers and the Subsidiaries own and possess all right, title and interest in and to the Scheduled Intellectual Property. Sellers and the Subsidiaries have the right to use all of the Scheduled Intellectual Property and other intellectual property used by them in the Business (together, "Intellectual Property") except where such failure would not have a Material Adverse Effect. Except as set forth on the Intellectual Property Schedule, neither the Sellers nor the Subsidiaries have received any written notices of infringement, misappropriation, interference or opposition proceeding from any third party with respect to any patent, copyright or trade name of any third party. Except as set forth on the Intellectual Property Schedule, to the Knowledge of Sellers, no third-party is currently infringing or has infringed upon the Intellectual Property. Except as set forth on the Intellectual Property Schedule, to the Knowledge of Sellers, the Closing will not have a Material Adverse Effect on Sellers' or the Subsidiaries' rights to use the Intellectual Property.

4.15 Litigation. Except as set forth on the Litigation Schedule attached hereto, there are no actions, suits, investigations, orders or proceedings pending or, to the Knowledge of Sellers, threatened against Sellers or the Subsidiaries, at law or in equity, or before or by any

federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would have a Material Adverse Effect; and, with respect to the matters set forth on the Litigation Schedule, to the Knowledge of Sellers, HSN, Inc. did not receive any written disclosure statement of the type described in Section 8.1(b) of the Asset Purchase Agreement, dated as of June 29, 1994, among HSN, Inc., Baxter International Inc., Baxter Healthcare Corporation and Baxter Healthcare Corporation of Puerto Rico, prior to the Closing Date (as defined therein), except for the schedules attached thereto.

4.16 Brokerage. Except as set forth on the Seller Brokerage Schedule attached hereto, there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Sellers or the Subsidiaries. Sellers agree that they, and not Buyers, shall be liable for any claims set forth on the Seller Brokerage Schedule.

4.17 Consents. Except for the applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and except as set forth on the Governmental Consents Schedule or Third-Party Consents Schedule, no permit, consent, approval or authorization of, or declaration to or filing with, any governmental or regulatory authority or other Person is required in connection with any of the execution, delivery or performance of this Agreement by Sellers or the consummation by Sellers of any other transaction contemplated hereby.

4.18 Employee Benefit Plans.

(1) Except as listed on the Employee Benefits Schedule attached hereto, none of the Sellers or the Subsidiaries (i) maintains or contributes to any nonqualified deferred compensation or retirement plans, (ii) maintains or contributes to any qualified defined contribution retirement plans (the plans described in (i) and (ii) are referred to as the "Pension Plans"), (iii) maintains or contributes to any welfare benefit plans (the "Welfare Plans"), (iv) maintains any stock option or other equity-based plans, and (v) maintains or contributes to any other plans or arrangements to provide benefits to employees. The Pension Plans and the Welfare Plans and other plans and arrangements describe above are collectively referred to as the "Plans." Except as set forth on the Employee Benefits Schedule, the Plans comply in form and in operation in all material respects with the requirements of the Code, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and all other applicable laws.

(2) With respect to the Plans, (i) all required contributions have been made or properly accrued, (ii) there are no actions, suits or claims pending (other than routine claims for benefits) and (iii) with respect to the Pension Plans and Welfare Plans, there have been no prohibited transactions (as that term is defined in Section 406 of ERISA or Section 4975 of the Code).

(3) None of the Sellers or the Subsidiaries currently maintains or contributes to, or has ever maintained or contributed to, a Pension Plan which is (or

was) a defined benefit plan, and none of the Sellers or the Subsidiaries contributes to or has any liability with respect to any "multiemployer plan" (as defined in Section 3(37) of ERISA).

(4) Complete and correct copies of the following documents have been delivered or made available by Sellers to Buyers: (i) all current plan documents and insurance contracts (if any), and amendments thereto, with respect to each of the Plans, (ii) for each of the most recently ended two plan years, all IRS Form 5500 series forms (and any financial statement and other schedules attached thereto) with respect to any Pension Plan and Welfare Plan, (iii) the most recent IRS determination letter for each Pension Plan, and (iv) all current summary plan descriptions and subsequent summaries of material modifications with respect to each of the Plans subject to ERISA and any similar documents for any other Plan.

(5) Except as disclosed on the Employee Benefits Schedule, none of the Welfare Plans nor any binding contract provides for continuing welfare benefits or coverage for any participant or any beneficiary of a participant following termination of employment, except as may be required under Section 601 et. seq. of ERISA, or except at the expense of the participant or the participant's beneficiary.

(6) Neither the Sellers nor the Subsidiaries nor any of their respective officers, employees or any other "fiduciary," as such term is defined in Section 3 of ERISA, has committed any breach of fiduciary responsibility imposed by ERISA or any other applicable law with respect to the Pension Plans and Welfare Plans which would subject Buyers or any of its directors, officers or employees to any liability under ERISA or any applicable law.

(7) Neither Seller nor the Subsidiaries has incurred any liability for any tax or civil penalty imposed by Section 4975 of the Code or Section 502 of ERISA.

(8) The payroll information set forth in Annex D to the Employee Benefits Schedule is true and correct in all material respects as of March 25, 1999.

4.19 Insurance.

(1) Sellers have delivered to Buyers:

(i) true and complete copies of all policies of insurance to which any Seller or Subsidiary is a party or under which any such entity is or has been covered at any time since January 1, 1998, other than those that have been renewed provided such renewed policy is so listed and so delivered (all of which are listed on the Insurance Schedule) within the one year preceding the date of this Agreement;

(ii) true and complete copies of all pending applications for policies of insurance; and

(iii) any statement by the most recent auditor of any Seller's or Subsidiary's financial statements with regard to the adequacy of such entity's coverage or of the reserves for claims.

(2) Except as set forth on the Insurance Schedule attached hereto,

(i) all policies to which any Seller or Subsidiary is a party or that provide coverage to any Seller or Subsidiary are (A) valid; outstanding, and enforceable and (B) are sufficient for compliance with all legal requirements and contracts to which any Seller or Subsidiary is a party or by which any of them is bound;

(ii) No Seller or Subsidiary has received (A) within the prior twelve months any refusal of coverage or at any time any notice that a defense will be afforded with reservation of rights, or (B) any notice of cancellation or any other indication that any insurance policy listed on the Insurance Schedule is no longer in full force or effect or that the issuer of any policy is not willing or able to perform its obligations thereunder.

(iii) Sellers and the Subsidiaries have paid all premiums due and have otherwise performed in all material respects under each policy to which any Seller or Subsidiary is a party or that provides coverage to any Seller or Subsidiary.

4.20 Compliance with Laws. To the Knowledge of Sellers, except as set forth on the Compliance Schedule, Sellers and the Subsidiaries have complied with all applicable laws and regulations of foreign, federal, state and local governments and all agencies thereof, except where the violation of which would not have a Material Adverse Effect, and neither Seller nor the Subsidiaries have received any written notice of alleged noncompliance with any law or regulation.

4.21 Permits. The Permits Schedule attached hereto lists all of the Permits of Seller and the Subsidiaries. To the Knowledge of Sellers, Seller and the Subsidiaries hold all Permits necessary for the conduct of their business (except where the failure to hold a Permit would not have a Material Adverse Effect), and all Permits are in full force. Neither the Sellers nor the Subsidiaries have received any written notice of its failure to hold a Permit necessary for the conduct of its busineSection Each Seller and each Subsidiary is in compliance with all material terms, conditions and requirements of all such Permits, and no proceeding is pending or, to Sellers' Knowledge, threatened relating to the revocation or limitation of any such Permit. Except as set forth on the Permits Schedule, all Permits shall remain in full force and effect after the Closing, except as would not have a Material Adverse Effect.

4.22 Environmental Compliance and Conditions.

(1) To the Knowledge of Sellers and except as set forth on the Environmental Matters Schedule: Sellers and the Subsidiaries are in compliance with, and have all Permits required under, all federal, state and local laws and regulations relating to public health and safety, worker health and safety, and pollution or protection of the environment

(including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, groundwater, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants or hazardous or toxic materials or waste, as the foregoing are constituted on or prior to the Closing Date ("Environmental and Safety Requirements")) except where the failure to comply or to hold such Permits would not have a Material Adverse Effect and Sellers and the Subsidiaries are in compliance with all terms and conditions of any and all required permits, licenses and authorizations and all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any Environmental and Safety Requirements or any legally binding notice or demand letter issued, entered, promulgated or approved thereunder, except where the failure to so comply would not have a Material Adverse Effect.

(2) Except as set forth on the Environmental Matters Schedule: neither Seller nor the Subsidiaries nor, to the Knowledge of Sellers, any of their respective predecessors, have arranged for the disposal of toxic wastes or other toxic or hazardous substances or materials (including, without limitation, asbestos) in such a manner or location as has given rise to conditions of contamination requiring remedial action pursuant to Environmental and Safety Requirements, the costs of which would have a Material Adverse Effect; during the period in which Seller and the Subsidiaries have owned, leased or used any real property and, to the Knowledge of Sellers, prior to such period, there have been no toxic wastes or other toxic or hazardous substances or materials (including without limitation asbestos) stored, disposed of or released on, under or about such property in such a manner or location as has given rise to conditions of contamination requiring remedial action pursuant to Environmental and Safety Requirements, the costs of which would have a Material Adverse Effect; and there are no actions, suits, orders or proceedings pending or, to the Knowledge of Sellers, threatened against Sellers or the Subsidiaries, at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, with respect to any violation of or liability under any Environmental and Safety Requirements which actions, orders or proceedings would have a Material Adverse Effect. To the Knowledge of Sellers, Sellers have delivered to Buyers true and complete copies and results of any material reports, studies, analyses, tests, or monitoring possessed by Sellers or the Subsidiaries pertaining to toxic wastes or other toxic hazardous substances or materials (including, without limitation, asbestos) in, on or under any real property at any time owned, leased or used by Sellers or the Subsidiaries, or concerning compliance by Sellers, the Subsidiaries, or any other Person for whose conduct they are or would be held responsible, with Environmental and Safety Requirements.

(3) This Section 4.22 sets forth the sole and exclusive representations and warranties of Sellers with regard to environmental, health and safety matters, including without limitation all matters arising under Environmental and Safety Requirements.

4.23 Relationships with Affiliates.

Except as set forth on the Affiliate Relationship Schedule attached hereto:

(1) no Affiliate of Sellers or of any Subsidiary (other than the Sellers or the Subsidiaries) has, or since January 1, 1998, has had, any interest in any property (whether real, personal, or mixed and whether tangible or intangible) used or pertaining to the Business of the Sellers and the Subsidiaries;

(2) no Affiliate of Sellers or of any Subsidiary (other than the Sellers or the Subsidiaries) is, or since January 1, 1998, has owned (of record or as a beneficial owner) an equity interest or any other financial or profit interest in, a Person that has had business dealings or a material financial interest in any transaction with any Seller or Subsidiary other than business dealings or transactions conducted in the ordinary course of business with such Seller or Subsidiary at substantially prevailing market prices and on substantially prevailing market terms; and

(3) no Affiliate of Sellers or of any Subsidiary (other than the Sellers or the Subsidiaries) is a party to any contract with, or has any claim or right against, any Seller or Subsidiary.

4.24 Year 2000 Compliance. The Sellers have been informed by ISARDS, the Sellers' systems consultant with respect to the PRMS systems of HSN, Inc. that such system is year 2000 compliant in all material respects, and has received product information from ROI, Systems, Inc. the manufacturer of the ROI Mange 2000 version 6.2E system of Camino that year 2000 compliance for such system is a non-issue.

4.25 Due Diligence. Sellers have supplied copies or offered to make available to Buyers or their employees, agents or representatives each of the documents specifically identified on the Data Room List attached hereto as Exhibit E or on the Disclosure Schedules.

4.26 Minute Books. The minutes of meetings and consents in lieu of meetings of the stockholders and boards of directors of the Subsidiaries contained in the applicable minute books of the Subsidiaries are true and correct records of the actions so taken to the extent of the descriptions of such actions contained in such records.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYERS

Each Buyer represents and warrants to Sellers that:

5.1 Organization and Corporate Power. Each Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, with full limited liability company power and authority to enter into this Agreement and each of the other agreements contemplated hereby to which it is a party and to perform its obligations hereunder and thereunder.

5.2 Authorization. The execution, delivery and performance of this Agreement and the other agreements contemplated hereby by each Buyer and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite limited liability company action, and no other limited liability company proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement and each of the other agreements contemplated hereby to which it is a party. Each of this Agreement and each of the other agreements contemplated hereby to which it is a party constitutes a valid and binding obligation of it, enforceable in accordance with its terms.

5.3 No Violation. No Buyer is subject to or obligated under its organizational documents, any applicable law, or rule or regulation of any governmental authority, or any material agreement or instrument, or any license, franchise or permit, or subject to any order, writ, injunction or decree, which would be breached or violated in any material respect by such Buyer's execution, delivery or performance of this Agreement or the other agreements contemplated hereby.

5.4 Governmental and Other Consents. Except as disclosed on the Buyer Consent Schedule attached hereto, no Buyer is required to submit any notice, report or other filing with any governmental authority in connection with the execution or delivery by it of this Agreement or the consummation of the transactions contemplated hereby. No consent, approval or authorization of any governmental or regulatory authority or any other party or Person is required to be obtained by any Buyer in connection with its execution, delivery and performance of this Agreement or the transactions contemplated hereby.

5.5 Litigation. There are no actions, suits, proceedings, orders or investigations pending or, to the Knowledge of Buyers, threatened against or affecting Buyers at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would adversely affect any Buyer's performance under this Agreement or the consummation of the transactions contemplated hereby.

5.6 Brokerage. Except as set forth on the Buyer Brokerage Schedule attached hereto, there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Buyers or their Affiliates. Buyers agree that Buyers, and not Sellers or the Subsidiaries, shall be liable for any claims set forth on Buyer Brokerage Schedule.

5.7 Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, including any financing arrangements entered into by Buyers in connection with the transactions contemplated hereby, each of INLLC, Redmond and the Subsidiaries acquired by Buyers shall be able to pay its debts as they become due and shall own property which has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate based on the representations and warranties of Sellers herein of the amount of all contingent liabilities and a reasonable allocation of all joint liabilities). Immediately after giving effect to the transactions contemplated by this Agreement, INLLC, Redmond and each of the Subsidiaries acquired by Buyers shall have adequate capital to carry on its business (including the Business)

based on reasonable projections of working capital needs and the nature of the expected busineSection No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the BusineSection

ARTICLE VI
POST-CLOSING COVENANTS OF BUYERS

6.1 Access to Books and Records. From and after the Closing, Buyers shall, and shall cause their Affiliates to, provide Sellers and their agents with reasonable access (for the purpose of examining and copying), during normal business hours, to the books and records relating to the Business with respect to periods or occurrences prior to the Closing Date in connection with any matter whether or not relating to or arising out of this Agreement and the transactions contemplated hereby and as reasonably required by Sellers to prepare the Closing Balance Sheet. Unless otherwise consented to in writing by Sellers, Buyers shall not, and shall not permit their Affiliates to, destroy, alter or otherwise dispose of any of the books and records relating to the Business for so long as the representations and warranties with respect to such matters are in effect.

6.2 Maintain Insurance. The Buyers shall maintain claims-based product liability insurance in amounts not less than those currently carried by Sellers and the Subsidiaries which shall cover the products previously or currently included in the Business for a period of at least one year after any product that was manufactured prior to the Closing Date is sold or otherwise disposed of.

6.3 Employees and Employee Benefits. One of the Buyers shall assume, effective as of the Closing Date, the Johnson Employment Agreement and each of the employment agreements set forth on the Contracts Schedule or shall have entered into a replacement employment agreement with such employees which terminates the existing employment agreement on the Closing Date. In addition, one of the Buyers will offer to hire, on an at-will basis, all of the other employees of the Sellers and the Subsidiaries on the Closing Date (the "Noncontract Employees"), on terms and conditions that in the aggregate are substantially comparable to similarly situated employees of Integra or the applicable Affiliate. Buyers shall cause Integra to allow Noncontract Employees, as soon as is practicable after Closing to participate in the stock option plans available to the employees of Integra and its Affiliates, if any.

6.4 Excluded Plans. Buyers shall not, directly or through any of its Affiliates, assume administration for or liability for the Saba Plan or the HSNLP Plan. Immediately prior to the Closing, the Subsidiaries' participation in the Excluded Plans shall cease. After termination of the HSNLP Plan and receipt of a favorable determination letter from the IRS with respect thereto, Buyers will cause its and its Affiliates' Code Section 401(k) plans to accept rollovers of benefits distributed from the HSNLP Plan, subject to the terms of such Code Section 401(k) plan and to applicable law. Sellers agree to take reasonable actions in order to obtain a favorable IRS determination letter for the HSNLP Plan.

ARTICLE VII
ADDITIONAL COVENANTS

7.1 Survival. The representations and warranties set forth in this Agreement and in any certificates delivered at the Closing in connection with this Agreement shall survive the Closing Date and the consummation of the transactions contemplated hereby (even if the other Parties had Knowledge or had reason to know of any misrepresentation or breach of warranty) for a period of twelve (12) months after the Closing Date, provided that:

(1) the representations and warranties set forth in Section 4.12 (and in any certificates delivered at the Closing in connection with such representations and warranties) hereof shall survive until the statute of limitations relating to the liabilities related thereto expire;

(2) the representations and warranties set forth in Section 4.22 hereof (and in any certificates delivered at the Closing in connection with such representations and warranties) shall survive for a period of three years; and

(3) the representations and warranties set forth in Sections 4.03, 4.13, 4.17 and 4.26 hereof (and in any certificates delivered at the Closing in connection with such representations and warranties), as such representations and warranties relate to the absence of any violation or requirement of consent or authorization under material agreements or instruments with, or the absence of any defaults under contracts and agreements with, debt- or equity-holders of Sellers and the Subsidiaries, shall survive indefinitely.

Notwithstanding anything in this Agreement to the contrary, to the extent that a claim is brought within the time period specified in this Section 7.01, the representations and warranties which underlie such claim will survive solely with respect to such claim until the final resolution of such claim pursuant to this Article VII.

7.2 Indemnification.

(1) After the Closing Date, subject to the provisions of Section 7.02(c) below, Sellers, jointly and severally, shall indemnify and hold harmless each Buyer, its Affiliates and each of their respective officers, directors, shareholders, employees and agents (the "Buyer Group") against any actual loss, liability, damage, expense, lawsuits, deficiencies or claims, including without limitation interest, penalties, reasonable legal fees and all other amount paid in investigation, defense or settlement of any of the foregoing, but excluding any incidental, consequential, lost profits, or special or punitive damages (other than such amounts actually paid by any member of the Buyer Group to a third party) and taking into account any amounts reimbursed by third parties, including insurance (collectively, "Losses" and individually, a "Loss") which any member of the Buyer Group suffers, sustains or becomes subject to as a result of (i) any breach of the representations and warranties of Sellers set forth in Article IV hereof and as restated in any certificates delivered by Sellers at the Closing, in each case taking into account any disclosures made in the Disclosure Schedules, (ii) any breach of the covenants of any Seller set forth herein, (iii) any Excluded Liability, (iv) the amounts paid by

Buyers as transition bonuses to each of Gerald Klopp, Terry Layton and George McHugh under the employment agreements between the Buyers and each such employee, but not to exceed $25,000, $25,000 and $35,000, respectively, (v) Item 2 set forth on the Taxes Schedule, (vi) Income Taxes of the Sellers and the Subsidiaries with respect to periods ending on or before December 31, 1998 (less the amount of any reserves or accruals therefor on the Closing Balance Sheet) and (vii) additional Income Taxes of the Subsidiaries for the period from January 1, 1999to the business day prior to the Closing Date that result from a challenge or audit of the Sellers' or the Subsidiaries' tax structure; provided that (x) the Buyer Group's right to seek indemnification under clause (i) above shall not exceed $9,690,727.50, and (y) members of the Buyer Group shall not be entitled to seek indemnification under clause (i) with respect to any individual Loss unless the aggregate amount of all such Losses exceeds $200,000, in which case members of the Buyer Group shall be entitled to indemnification for the full amount.

In addition, Sellers and each member of the Indemnitor Group set forth on the Indemnitor Schedule shall, for a period of twelve (12) months from the Closing Date, cause HSNLP to maintain cash or cash equivalents with a value of not less than (i) $500,000 minus (ii) any expenses incurred or amounts paid by Sellers with respect to any liabilities or obligations retained by Sellers pursuant to this Agreement, including, without limitation, with respect to Section 1.06, this Section 7.02 or the Excluded Liabilities portion of the Redmond Notes (the "Retained Amount").

Each member of the Indemnitor Group set forth on the Indemnitors Schedule shall have, prior to HSNLP making any distribution to or entering into any transaction with, such Person, executed a Contribution Agreement in the form of Exhibit F attached hereto, and HSNLP hereby covenants not to make any such distribution or enter into any such transaction until such Contribution Agreement has been executed by such Person. CIVC hereby covenants to be bound by the terms of the Contribution Agreement executed by it simultaneously herewith, and hereby acknowledges Buyers' reliance on such covenant.

(2) After the Closing, subject to the provisions of Section 7.02(d) below, INLLC and Redmond, jointly and severally, shall indemnify and hold harmless Sellers, their respective Affiliates and each of their respective officers, directors, shareholders, employees and agents (the "Seller Group") against any Loss which it suffers, sustains or becomes subject to as a result of (i) any breach of the representations and warranties of Buyers set forth in Article V and as restated in any certificates delivered by the Buyers at the Closing, (ii) any breach of the covenants of any Buyer set forth herein, (iii) the operations of the Business following the Closing and (iv) any Assumed Liability, and INLLC and Redmond shall pay to Sellers promptly upon receipt by Buyer all refunds or rebates of Taxes paid by the Sellers or the Subsidiaries with respect to periods ending on or prior to December 31, 1998 (provided, however, that no such payment need be made with respect to any refunds of Taxes attributable to a carryback of losses or credits recognized in periods beginning on or after January 1, 1999); provided that members of the Seller Group shall not be entitled to seek indemnification under clause (i) above with respect to any individual Loss unless the aggregate amount of all such Losses exceeds $200,000, in which case members of the Buyer Group shall be entitled to indemnification for the full amount.

In the event that HSN, Inc. shall pay a dividend such that it is able to utilize as a tax credit with respect to any period ending on or before December 31, 2001, any portion of the Puerto Rico toll gate taxes paid by the Sellers and the Subsidiaries prior to the business day prior to the Closing Date or accrued on the Closing Balance Sheet, Buyer shall pay the Sellers an amount equal to such tax credit.

(3) Seller shall not be liable for any claim for indemnification under subsection (a) above unless written notice specifying in reasonable detail to the extent then known, the nature of the claim thereunder is delivered by the Person seeking indemnification to the Person from whom indemnification is sought (i) at any time with respect to any Excluded Liabilities or breach of covenants required to be performed by Sellers and (ii) within the period set forth in Section 7.01 after the Closing Date with respect to claims related to breaches of the representations and warranties set forth in Article IV or as restated in any certificates delivered by Sellers at the Closing.

(4) Buyers shall not be liable for any claim for indemnification under subsection (b) above unless written notice specifying in reasonable detail, to the extent known, the nature of the claim thereunder is delivered by the Person seeking indemnification to the Person from whom indemnification is sought (i) at any time with respect to any Assumed Liabilities, any breaches of covenants required to be performed by Buyers and any Losses arising from the operations of the Business following the Closing or (ii) within twelve months after the Closing Date with respect to claims related to breaches of representations and warranties of Buyers as set forth in Article V or as restated in any certificates delivered by Buyers at the Closing.

(5) Promptly after the assertion by any third party of any claim (a "Third Party Claim") against any Person entitled to indemnification under this Section 7.02 (the "Indemnitee") that results or may result in the incurrence by such Indemnitee of any Loss for which such Indemnitee would be entitled to indemnification pursuant to this Agreement, such Indemnitee shall promptly notify the parties from whom such indemnification could be sought (the "Indemnitors") of such Third Party Claim; provided, that the failure to notify the Indemnitor will not relieve the Indemnitor of any liability that it may have to the Indemnitee, except to the extent that the Indemnitor demonstrates that the defense of such action is materially prejudiced by the Indemnitee's failure to give such notice. The Indemnitor may, at its option, assume the defense of the Indemnitee against any Third Party Claim with respect to which the Indemnitee is seeking indemnification under this Article VII (including the employment of counsel and the payment of expenses) unless the Indemnitor fails to provide reasonable assurance to the Indemnitee of its financial capacity to defend such Third Party Claim and provide indemnification with respect to such Third Party Claim, in which event Indemnitee shall assume its own defense, and the fees and expenses of Indemnitee's counsel shall be an expense of the Indemnitor, provided that the Indemnitee will not settle, compromise or consent to judgment in such Third Party Claim without the consent of the Indemnitor, which consent shall not be unreasonably withheld. Any Indemnitee shall have the right to employ separate counsel in any such Third Party Claim and to participate in the defense thereof, but the fees and expenses of such counsel shall not be an expense of the Indemnitor unless (i) the Indemnitor shall have

failed, within a reasonable time after having been notified by the Indemnitee of the existence of such Third Party Claim as provided in the first sentence hereof, to give notice to the Indemnitee of its election to assume the defense of such Third Party Claim or (ii) the employment of such counsel has been specifically authorized by the Indemnitor in the case of all Third Party Claims with respect to which the Indemnitee is entitled to indemnification under this Article VII. If Indemnitor has assumed the defense of a Third Party Claim, Indemnitee will not settle, compromise or consent to judgment in such Third Party Claim without the consent of the Indemnitor, which consent will not be unreasonably withheld.

A claim for indemnification for any matter not involving a Third Party Claim may be asserted by notice to the Indemnitor.

(6) Notwithstanding Section 7.02(e), with respect to any claim for indemnification hereunder which involves, or is alleged to involve, the conduct of environmental investigatory, corrective or remedial action, the following additional procedures shall apply: Upon receipt of any such claim, Sellers shall have the right, at their option, within a reasonable time after such receipt (such period not to exceed 60 days) to undertake control over all aspects of such matter (including, without limitation, retention of consultants, selection of remedial measures and negotiations and agreements with interested government agencies and third parties) subject to Sellers' obligation (i) to reasonably consult with Buyers in connection therewith, (ii) to afford Buyer a reasonable opportunity to comment upon material submittals prior to submission to governmental authorities, and (iii) to afford Buyer the opportunity to attend and participate in material meetings or conference calls with such authorities. In connection therewith, Buyers agree to provide, and to cause their Affiliates to provide, Sellers and their agents with reasonable access to the Property (and to relevant documents and personnel). The Parties shall keep one another apprised of major developments relating to such matter and shall, subject to applicable legal privileges, make all final reports, filings, and other documents relating to such matter available for inspection by one another. Sellers shall have no obligation to provide indemnification with respect to any investigatory or remedial action unless, and then only to the extent that, investigation or remediation is required in order to comply with Environmental and Safety Requirements, based upon continued industrial use of the Property. Buyers agree, upon request by Sellers, to facilitate imposition of a deed restriction on the subject facility, provided that such deed restriction does not materially restrict or impair industrial activities at the subject facility. Any obligation of Sellers to conduct any investigation or remediation, or provide indemnification hereunder, shall be deemed satisfied upon completion of a remediation in a manner which attains standards applicable under Environmental and Safety Requirements or is otherwise acceptable to applicable governmental authorities. The Parties agree to reasonably cooperate with one another in connection with any matter governed hereunder and to generally conduct themselves in a good faith and cost effective manner with respect thereto.

(7) The amount of any Loss subject to indemnification hereunder or of any claim therefor shall be calculated to include the tax cost, if any, of receiving an indemnity payment for such Loss, but shall be calculated net of (i) any Tax Benefit inuring to an Indemnitee on account of such Loss and (ii) any insurance proceeds (net of direct collection

expenses and costs) received on account of such LoSection If an Indemnitee receives a Tax Benefit after an indemnification payment is made, such Indemnitee shall promptly pay to the Indemnitor the amount of such Tax Benefit at such time or times as and to the extent that such Tax Benefit is received. For purposes hereof, "Tax Benefit" shall mean any actual refund of Taxes paid (other than refunds which are paid to Sellers pursuant to Section 7.02(b)(v)) or actual reduction in the amount of Taxes which otherwise would have been paid currently, in each case computed at the marginal rate actually applicable to the Indemnitee. Each Indemnitee shall seek full recovery under all insurance policies covering any Loss to the same extent as they would if such Loss were not subject to indemnification hereunder. In the event that an insurance recovery is made by Buyers or any of its Affiliates with respect to any Loss for which any such Person has been indemnified hereunder, then a refund equal to the aggregate amount of the recovery shall be made promptly to Sellers.

(8) All indemnification payments made hereunder shall be treated by all parties as an adjustment, for tax purposes, to the Purchase Price.

(9) Notwithstanding any other provision contained herein to the contrary, Sellers will be permitted to use the Retained Amount to pay any expenses incurred or amounts paid by Sellers with respect to any liabilities or obligations retained by Sellers pursuant to this Agreement, including, without limitation, with respect to Section 1.06, this Section 7.02, or the Excluded Liabilities portion of the Redmond Notes.

(10) Notwithstanding any other provisions of this Agreement to the contrary, the indemnification obligations of a Party with respect to any breach of representation or warranty will not be affected by the fact that the other Party had Knowledge or had reason to know of such misrepresentation or breach of warranty.

7.3 Exclusive Remedy; Limitation of Recourse. Following the Closing, except with respect to claims based upon fraud and remedies to enforce the Sellers' obligations under Sections 7.08 and 7.09, the indemnification provided by Section 7.02 shall be the sole and exclusive remedy to the exclusion of all other remedies and recourse at law or otherwise (including without limitation, any rights for contribution or otherwise, under CERCLA or any other Environmental and Safety Requirement) under or in connection with this Agreement and the transactions contemplated herein, including without limitation, for any Losses of the Buyer Group or the Seller Group with respect to any misrepresentation or inaccuracy in, or breach of, any representations or warranties or any breach or failure in performance prior to Closing of any covenants or agreements made by Buyers or Seller in this Agreement or in any Exhibit or Disclosure Schedule attached hereto or any certificate delivered hereunder. Except as provided in Section 7.02, no claim shall be brought or maintained by Buyers or Sellers or their respective successors or permitted assigns against any officer, director or employee (present or former) of Sellers, Buyers or their respective Affiliates, and no recourse shall be brought or granted against any of them, by virtue of or based upon any alleged misrepresentation or inaccuracy in or breach of any of the representations, warranties or covenants of Seller set forth or contained in this Agreement or any certificate delivered hereunder, except to the extent that the same shall have been the result of fraud by any such Person (and in the event of such fraud, such recourse against such officer, director or employee (present or former) shall be brought or granted solely against

such officer, director or employee (present or former) committing such fraud), and provided that without limiting the foregoing, in no event shall any Buyer, its successors or permitted assigns be entitled to claim or seek any rescission of the transactions consummated under this Agreement or other remedy at law or in equity. In no event shall any officer, director or employee of Sellers, Buyers or their respective Affiliates have any shared or vicarious liability for the actions or omissions of any other Person.

7.4 Disclosure Generally. If and to the extent any information required or permitted to be furnished in any schedule is contained in this Agreement or in any other schedule attached hereto (each, a "Disclosure Schedule" and, together, the "Disclosure Schedules"), such information to the extent that it would appear from the face of the disclosure in this Agreement or such Disclosure Schedule to be responsive to another Disclosure Schedule, such disclosure shall be deemed to be included in such other Disclosure Schedule in which the information is required or permitted to be included. The inclusion of any information in any Disclosure Schedule shall not be deemed to be an admission or acknowledgment by any Seller or Subsidiaries that such information is material to or outside the ordinary course of the business of the Sellers or the Subsidiaries or that any representation or warranty included in this Agreement would be inaccurate in any respect if such information were not included therein. 7.5 Acknowledgment by the Parties. The Parties acknowledge that they each individually have not made nor has any other Person made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the respective Party, except as expressly set forth in this Agreement, the Disclosure Schedules hereto or the certificates delivered in connection herewith. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, OF THE CERTIFICATES DELIVERED IN CONNECTION HEREWITH, THE PARTIES DO NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF ANY PARTY OR ANY OF THE ASSETS, LIABILITIES OR OPERATIONS OF SELLER, OR THE SUBSIDIARIES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE PARTIES DO NOT MAKE ANY IMPLIED REPRESENTATION OR WARRANTY AS TO THE CONDITION, MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY OF THE ASSETS OF SELLER OR THE SUBSIDIARIES. THE PARTIES EXPRESSLY DISCLAIM ANY RIGHT TO ASSERT ANY CLAIM UNDER ANY OF THE ABOVE DESCRIBED REPRESENTATIONS OR WARRANTIES (EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT).

7.6 Certain Taxes.

(1) Buyers shall pay all documentary, sales, use, stamp, registration, value added, business, goods and services, transfer, recording, conveyancing and other such Taxes and fees (including any penalties, interest and additions to Tax with respect thereto) incurred in connection with this Agreement, and Buyers shall, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes and fees, and if required by applicable law, each Seller shall, and shall cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

(2) Buyers and Sellers shall cooperate fully with and assist the other Party, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Section 7.06 and in any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the providing of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyers shall retain all books and records with respect to Tax matters pertinent to the Acquired Assets and Assumed Liabilities relating to any tax periods for so long as the Sellers' indemnities under Section 7.02 shall be in effect and shall give Sellers reasonable written notice prior to transferring, destroying or discarding any such books and records prior to the expiration of the applicable statute of limitations for that tax period, and, if Sellers so request, Buyers shall allow Sellers to take possession of such books and records.

(3) Buyers shall cooperate fully with and provide assistance to Sellers, as and to the extent reasonably requested by the Sellers, consistent with the cooperation and assistance that Sellers had provided Saba, LP in connection with the preparation of its Tax Returns and K-1s, in connection with the preparation of the Sellers' Tax Returns for years 1998, 1999 and 2000, including the preparations of the Sellers' K-1s, and shall supply Sellers by April 1 of the subsequent year (or April 8 with respect to 1998), or within a reasonable time after any request in light of the circumstances, with all information requested by Sellers for the preparation of Sellers' Tax Returns and K-1s and in any Buyer's control.

7.7 Further Assurances.

(1) From time to time, as and when requested by any Party hereto and at such Party's expense, any other Party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such other Party may reasonably deem necessary or desirable to evidence and effectuate the transactions contemplated by this Agreement.

(2) In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand in connection with (i) any transaction contemplated under this Agreement (other than claims under Section 7.02) or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving any of Sellers and the Subsidiaries, the other Party shall cooperate with it and its counsel in the defense or contest, make available its personnel, make persons available to testify and provide access to its books and records, in each case, as shall be necessary in connection with the defense or contest, all at the sole cost and expense of the contesting or defending Party.

7.8 Use of Trademarks and Corporate Name. After the Closing, Sellers shall not use the trademarks assigned to Buyers hereunder in connection with the marketing or sale of any of its products and shall delete the trademarks from all its advertising signage, stationery, packaging and marketing material, and as soon as practicable after the Closing, Sellers shall change its

partnership name and any "d/b/a" to a name which does not include the words "Heyer-Schulte NeuroCare," "Camino NeuroCare," "Innerspace," "NeuroCare," "Neuro Navigational," "Redmond Neurotechnologies" or any confusing similar words and shall not thereafter adopt such name in connection with any busineSection

7.9 Non-Compete.

(1) Sellers acknowledge and agree, as an inducement for Buyers to enter into this Agreement, that for a period of one year after the Closing Date, neither Seller shall, without the prior written consent of Buyers, directly or indirectly, alone or in association with others, either as a principal, agent, owner, shareholder, officer, director, partner, member, employee, lender, investor, consultant or manager, engage in any business or have a financial interest in, or render advice or services to any person or entity that competes with the Business in the countries in which the Business currently operates.

(2) Neither Seller will, directly or indirectly, (A) induce or attempt to induce any employee of the acquired Business to leave the employ of Buyers or the applicable Affiliate, (B) in any way interfere with the relationship between Buyers or the applicable Affiliate and any such employee, (C) employ or otherwise engage as an employee, independent contractor, or otherwise, any such employee or any Buyer or the applicable Affiliate; or (D) induce or attempt to induce any customer, supplier, licensee, or business relation of the acquired Business to cease doing business with any Buyer, or in any way interfere with the relationship between any customer, supplier, licensee or business relation of the acquired BusineSection

(3) Neither Seller will, directly or indirectly, solicit the business of any Person known to Sellers to be a customer of the acquired Business, with respect to products or activities which compete in whole or in part with the products or activities of the acquired BusineSection

(4) In the event of a breach by Sellers of any covenant set forth in this Section 7.09, the term of such covenant will be extended by the period of the duration of such breach;

(5) In the event the agreement in this Section 7.09 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other aspect, it shall be interpreted to extend only over the maximum period of time for which it may be enforceable and/or the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable all as determined by such court in such action. Sellers each acknowledge that a breach of the covenants contained in this Section 7.09, will cause irreparable damage to Buyers, the exact amount of which will be difficult to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Sellers agree that if either Seller breaches the covenant contained in this Section 7.09 in addition to any other remedy which may be available

at law or in equity, Buyers shall be entitled to specific performance and injunctive relief, without posting bond or other security.

7.10 Winding Up. Subsequent to the Closing, each of the Sellers shall limit its activities to actions (i) related to performing its obligations under this Agreement; (ii) dealing with the obligations and liabilities it retained under this Agreement; (iii) dealing with its debtholders, partners and members, as applicable, subject to the restrictions contained in the last paragraph of Section 7.02(a), (iv) winding up its affairs, and (v) such other actions as are reasonably related or incidental to such activities.

ARTICLE VIII
DEFINITIONS

8.1 Definitions. The following terms have the meaning set forth below:

"AA" has the meaning set forth in Section 1.06(a).

"Accounts Receivable" has the meaning set forth in Section 4.06.

"Acquired Assets" has the meaning set forth in Section 1.01.

"Adjustment Amount" has the meaning set forth in Section 1.06(b).

"Adjusted Closing Date Working Capital" means an amount equal to (i) the Adjusted Current Assets minus (ii) the Adjusted Current Liabilities, each as of the close of business on the second business day prior to the Closing Date minus (iii) $50,000.

"Adjusted Current Assets" means, as of any date of determination, current assets on the applicable balance sheet minus the amount of such current assets attributable to (i) with respect to the Latest Balance Sheet only, cash, (ii) prepaid premiums on the D&O Policies, (iii) prepaid expenses in connection with the transactions contemplated by this Agreement, (iv) with respect to the Closing Balance Sheet, assets that had been categorized as long term assets on the Latest Balance Sheet that are classified as current assets on the Closing Balance Sheet, (v) current assets that but for the consummation of the transactions contemplated by this Agreement would not exist, (vi) any deferred tax assets, and (vii) prepaid expense related to the toll gate Taxes in Puerto Rico and refunds with respect to periods ending on or before December 31, 1998, in each case, determined in accordance with GAAP, consistently applied, including all past policies, practices and procedures (it being understood that the current assets as of the Closing Balance Sheet shall reflect a write-down of inventory of $110,000 with respect to the Camino Classic Catheter).

"Adjusted Current Liabilities" means, as of any date of determination, current liabilities on the applicable balance sheet minus the amount of such current liabilities attributable to (i) obligations, including accrued interest, relating to the Loan and Security Agreement, (ii) income taxes, (iii) reserves for the Connell Neurosurgical litigation (other than the portion thereof that does not constitute an Excluded Liability) and the Optex matter, (iv) accruals for the

1998 Bonuses, (v) accruals for expenses in connection with the transactions contemplated by this Agreement and (vi) with respect to the Closing Balance Sheet, liabilities that had been categorized as long term liabilities on the Last Balance Sheet that would otherwise be classified as current liabilities on the Closing Balance Sheet as a result of the consummation of the transactions contemplated by this Agreement, including the Camino Incentive Plan, (vii) liabilities that but for the consummation of the transactions contemplated by this Agreement would not exist, including, without limitation, accruals or reserves for the Employee Transition Bonuses, the Management Transition Bonuses and the shut down of the facilities at Pleasant Prairie Wisconsin, and (viii) accruals for severance payments for any of the Executive Officers (it being understood that the Closing Balance Sheet shall reflect an accrual for the bonus payable to Vincent Beilvert in the amount of $12,900).

"Adjusted Year End Working Capital" means an amount equal to the Adjusted Current Assets minus the Adjusted Current Liabilities, each as of December 31, 1998.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended.

"Agreement" has the meaning set forth in the preamble.

"Assumed Contracts" has the meaning set forth in Section 1.01(f).

"Assumed Liabilities" has the meaning set forth in Section 1.03.

"Business" has the meaning set forth in the preamble.

"Buyers" has the meaning set forth in the preamble.

"Buyer Group" has the meaning set forth in Section 7.02(a).

"Camino" means Camino NeuroCare, Inc., a Delaware corporation.

"Camino Incentive Plan" means the Camino NeuroCare, Inc. Cash Incentive Plan.

"Cash Payment" has the meaning set forth in Section 1.05.

"CIVC" means Continental Illinois Venture Corporation.

"Closing" has the meaning set forth in Section 2.01.

"Closing Date" has the meaning set forth in Section 2.01.

"Closing Date Environmental Standards" has the meaning set forth in Section 7.02(f).

"Closing Balance Sheet" has the meaning set forth in Section 1.06(a).

"Code" means the Internal Revenue Code of 1986, as amended.

"Contribution Agreement" means the Contribution Agreement, dated as of the date of this Agreement, among HSNLP, Saba, LP and the Noteholders (as defined therein) party thereto.

"D&O Policies" has the meaning set forth in Section 1.02.

"Disclosure Schedules" has the meaning set forth in Section 7.04.

"Dispute Notice" has the meaning set forth in Section 1.06(c).

"Dispute Period" has the meaning set forth in Section 1.06(c).

"Employee Transition Bonuses" means the transition bonuses (other than the Management Transition Bonuses) offered to the employees of Sellers and Subsidiaries prior to the Closing by Buyers or their Affiliates.

"ERISA" has the meaning set forth in Section 4.18(a).

"Excluded Assets" has the meaning set forth in Section 1.02.

"Excluded Liabilities" has the meaning set forth in Section 1.04.

"Excluded Plans" means the HSNLP Plan and the Saba Plan.

"Executive Officers" means Roderick G. Johnson, Gerald Klopp, Terry Layton and George McHugh.

"Financial Statements" has the meaning set forth in Section 4.05.

"Fleet Capital" means Fleet Capital Corporation, a Rhode Island corporation.

"GAAP" means United States generally accepted accounting principles, applied on a consistent basis.

"HSN, Inc." means Heyer-Schulte NeuroCare, Inc., a Delaware corporation.

"HSNLP" has the meaning set forth in the preamble.

"HSNLP Plan" means the Heyer-Schulte NeuroCare, L.P. 401(k) Profit Sharing Plan and Trust.

"HSR Act" has the meaning set forth in Section 4.17.

"Income Tax" shall mean any federal, state, county, local or foreign income, franchise, alternative minimum, add-on minimum or other Tax measured by net income, together with all interest, penalties or additions to Tax or other assessments imposed with respect thereto (including any transferee or secondary liability for any Income Tax and any liability with respect thereto arising as a result of being (or ceasing to be) a member of any affiliated, consolidated, combined or unitary group (or being included, or required to be included, in any Tax Return relating thereto), as well as any liability under any tax sharing agreement with respect thereto).

"Indemnitee" has the meaning set forth in Section 7.02(e).

"Indemnitor" has the meaning set forth in Section 7.02(e).

"INLLC" has the meaning set forth in the preamble.

"Integra" has the meaning set forth in Section 3.01(j).

"Intellectual Property" has the meaning set forth in Section 4.14.

"Investment Agreement" means the Investment Agreement, dated June 29, 1994, among HSNLP, Saba, LP and Saba, Inc.

"Johnson Employment Agreement" has the meaning set forth in Section 1.01.

"Knowledge" or "Known" means, with respect to Sellers, the current actual knowledge of Roderick G. Johnson, Gerald Klopp, Mike Skiera, Terry Layton, George McHugh, Linda Littlejohn, Don Goodchild and Joe Celusak after reasonable inquiry and, with respect to the Buyers, the current actual knowledge of Stuart M. Essig, John B. Henneman III, David Holtz, George McKinney and Judi O'Grady after reasonable inquiry.

"Latest Balance Sheet" has the meaning set forth in Section 4.05.

"Loan and Security Agreement" means the Loan and Security Agreement, dated as of January 8, 1998, among HSNLP, the other Borrowers named therein, Fleet Capital, as Agent, and the Financial Institutions named therein, and each of the other documents executed in connection therewith, in each case as amended from time to time.

"Loss" has the meaning set forth in Section 7.02(a).

"Management Agreement" means the Management Agreement, dated June 15, 1999, between Saba, LP and HSNLP.

"Management Transition Bonuses" means the bonuses that would be payable to Gerald Klopp, Terry Layton and George McHugh if they remained in the employ of a buyer of the Business for a period of 90 days following the closing of such purchase.

"Material Adverse Effect" means a material adverse effect upon the financial condition, business, operations, assets or liabilities of Sellers and the Subsidiaries taken as a whole.

"Neuro Nav" has the meaning set forth in the preamble.

"Noncontract Employees" has the meaning set forth in Section 6.03.

"Parties" has the meaning set forth in the preamble.

"Pension Plans" has the meaning set forth in Section 4.18(a).

"Permit" has the meaning set forth in Section 1.01(i).

"Permitted Liens" means liens relating to current taxes not yet due and payable, the liens and encumbrances set forth on the Liens Schedule.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

"Piper" has the meaning set forth in Section 1.04.

"Plans" has the meaning set forth in Section 4.18(a).

"Pleasant Prairie Lease" means that certain Service Center Lease, dated March 8, 1996, by and between WISPARK Lake View Limited Partnership and HSNLP.

"Purchase Price" has the meaning set forth in Section 1.05.

"Redmond" has the meaning set forth in the preamble.

"Redmond Notes" means the Subordinated Promissory Notes, dated January 2, 1997, from Heyer-Schulte NeuroCare, L.P. to Redmond Neurotechnologies Corporation in the face amount of $600,000 and $450,000.

"Retained Amount" has the meaning set forth in Section 7.02(a).

"Saba, Inc." has the meaning set forth in Section 1.01.

"Saba Group" has the meaning set forth in Section 4.05.

"Saba, LP" has the meaning set forth in Section 1.04.

"Saba Plan" means the Saba Medical Management Co., Inc. 401(k) Profit Sharing Plan and Trust.

"Scheduled Intellectual Property" has the meaning set forth in Section 4.14.

"Securities Act" has the meaning set forth in Section 4.04.

"Seller Group" has the meaning set forth in Section 7.02(b).

"Subordinated Notes" means the 11% Subordinated Promissory Notes from HSNLP to Saba Medical Group, L.P.

"Subsidiary" means each of HSN, Inc. and Camino.

"Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, custom duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"Tax Benefit" has the meaning set forth in Section 7.02(g).

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party Claim" has the meaning set forth in Section 7.02(e).

"Welfare Plans" has the meaning set forth in Section 4.18(a).

"1998 Bonuses" means any bonus accrued on the applicable balance sheet and payable to employees of Sellers and the Subsidiaries with respect to calendar year 1998.

ARTICLE IX
MISCELLANEOUS

9.1 Press Releases and Communications. No press release or public announcement related to this Agreement or the transactions contemplated herein shall be issued or made by any

Buyer, Seller or any of their Affiliates without the joint approval of Buyers and Sellers, unless required by law (in the reasonable opinion of counsel) in which case Buyers and Sellers shall have the right to review such press release or announcement prior to publication.

9.2 Confidentiality. After the Closing, Sellers shall, and shall cause its Affiliates to, continue to maintain the confidentiality of all information, documents and materials relating to the Business, including all such materials which remain in the possession of Sellers, except to the extent disclosure of any such information is required by law or authorized by Buyers or reasonably occurs in connection with disputes over the terms of this Agreement, and Buyers shall, and shall cause their respective Affiliates to, maintain the confidentiality of all information, documents and materials relating to Sellers (other than that relating to the Business) which Buyers or any of their Affiliates have obtained in connection with this Agreement or with the transactions contemplated herein, except to the extent disclosure of any such information is required by law or authorized by Sellers or reasonably occurs in connection with disputes over the terms of this Agreement. In the event that any Party reasonably believes after consultation with counsel that it or its Affiliates are required by law to disclose any confidential information described in this Section 9.02, the disclosing Party will (a) provide the other Party with prompt notice before such disclosure in order that any Party may attempt to obtain a protective order or other assurance that confidential treatment will be accorded such confidential information and (b) cooperate with the other Party in attempting to obtain such order or assurance. The provisions of this Section 9.02 shall not apply to any information, documents or materials which are, as shown by appropriate written evidence, in the public domain or, as shown by appropriate written evidence, shall come into the public domain, other than by reason of breach by the applicable Party bound hereunder or its Affiliates.

9.3 Transaction and Other Expenses. (a) Except as otherwise expressly provided herein, Sellers and Buyers shall pay all of their own expenses and Sellers shall pay all out-of-pocket expenses of the Subsidiaries incurred prior to the Closing, in each case, including attorneys', accountants' (it is understood that Buyers shall pay the fees and expenses for the agreed upon procedures with respect to the Closing Balance Sheet pursuant to Section 1.06, any work relating to conforming the financial statements of the Saba Group to Regulation S-X or changes to their report as a result thereof, and any other work specifically requested by Buyers or their Affiliates), and advisors' fees and expenses (it being understood that Sellers shall pay the fees and expenses of Piper) in connection with the negotiation of this Agreement, or the performance of their respective obligations hereunder and the consummation of the transactions contemplated by this Agreement (whether consummated or not).

(b) Buyers shall pay the fees and expenses for the audit of the Saba Group 1998 financial statements and work related to taxes for both 1998 and 1999, and it is understood that such expenses are not transaction expenses.

9.4 Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when personally delivered, delivered by Federal Express or similar overnight courier service or mailed by first class mail, return receipt requested. Notices, demands and

communications to Buyers and Sellers shall, unless another address is specified in writing, be sent to the address indicated below:

Notices to Buyers:

Integra NeuroCare LLC
Redmond NeuroCare LLC
105 Morgan Lane
Plainsboro, New Jersey 08536
Attn: Stuart M. Essig

with a copy to:

GoodSmith, Gregg & Unruh
300 South Wacker Drive, Suite 3100
Chicago, Illinois 60606
Attn: Marilee C. Unruh

Notices to Sellers:

Heyer-Schulte NeuroCare, L.P.
c/o Continental Illinois Venture Corporation
231 South LaSalle Street
Chicago, Illinois 60697
Attn: Sue Rushmore

with a copy to:

Continental Illinois Venture Corporation
231 South LaSalle Street
Chicago, Illinois 60697
Attn: Sue Rushmore

with a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Attn: Edward T. Swan, P.C.

9.5 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party hereto without the prior written consent of the other Parties; provided, that Buyers may assign it rights, interest or obligations hereunder to any wholly-owned subsidiary or

to Fleet Capital as collateral for any Buyer's obligations under the amended and restated Loan and Security Agreement, it being understood that Buyers shall remain responsible for all of its liabilities and obligations hereunder.

9.6 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

9.7 No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any Person.

9.8 Complete Agreement. This Agreement and the other agreements or transfer documents referred to herein contain the complete agreement between the Parties hereto with respect to the subject matter hereof, and supersede any prior understandings, agreements or representations by or between the Parties, written or oral, with respect to the subject matter hereof in any way.

9.9 Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument.

9.10 Governing Law. All matters relating to the interpretation, construction, validity and enforcement of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of laws of any jurisdiction other than the State of Illinois.

9.11 Bulk Transfer Laws. Buyers acknowledge that Seller shall not comply with the provisions of any so-called bulk sales or transfer laws of any applicable jurisdiction (similar to Article 6 of the Uniform Commercial Code) in connection with the sale of Acquired Assets and the other transactions contemplated by this Agreement.

9.12 Amendments and Waivers. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyers and Sellers. No waiver of any provision hereunder or any breach or default thereof shall extend to or affect in any way any other provision or prior or subsequent breach or default.

9.13 No Third Party Beneficiary. Nothing herein expressed or implied is intended to or shall be construed to confer upon or give to any Person other than the Parties hereto, their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

* * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

INTEGRA NEUROCARE LLC

By: NeuroCare Holding Corporation
Its: Member

By: /s/ John B. Henneman

John B. Henneman, President

REDMOND NEUROCARE LLC

By: Integra NeuroCare LLC
Its: Member

By: NeuroCare Holding Corporation
Its: Member

By: /s/ John B. Henneman

John B. Henneman, President

HEYER-SCHULTE NEUROCARE, L.P.

By: Saba Medical Management Co., Inc.
Its: General Partner

By: /s/ Roderick G. Johnson

Roderick G. Johnson

NEURO NAVIGATIONAL, L.L.C.
By: Heyer-Schulte NeuroCare, L.P.
Its: Managing Member

By: Saba Medical Management Co., Inc.
Its: General Partner

By: /s/ Roderick G. Johnson

Roderick G. Johnson

Acknowledged and Agreed with
respect to Section 7.02(a)

CONTINENTAL ILLINOIS VENTURE
CORPORATION

By: /s/ Sue Rushmore

Sue Rushmore, Managing Director

EXHIBITS

Exhibit A	Form of Seller Certificate
Exhibit B	Form of Opinion of counsel to Sellers
Exhibit C	Form of Buyer Certificate
Exhibit D	Form of Opinion of counsel to Buyers
Exhibit E	Data Room List
Exhibit F	Form of Contribution Agreement

SCHEDULES

Allocation of Purchase Price and Assumed Liabilities	(Section 1.07)
Third Party Consents	(Sections 3.01, 3.02, 4.17)
Governmental Consents	(Sections 3.01, 3.02, 4.17)
Foreign Qualification	(Section 4.01)
Authorization	(Section 4.03)
Subsidiaries	(Section 4.04)
Investments	(Section 4.04)
Accounting	(Section 4.05)
Accounts Receivable	(Section 4.06)
Inventory	(Section 4.07)
Additional Liabilities	(Section 4.09)
Developments	(Section 4.10)
Leased Real Property	(Section 4.11)
Taxes	(Sections 4.12, 7.02)
Contracts	(Sections 4.13, 6.03)
Intellectual Property	(Section 4.14)
Litigation	(Sections 4.12, 4.15)
Seller Brokerage	(Section 4.16)
Employee Benefits	(Section 4.18)
Insurance	(Section 4.19)
Compliance	(Section 4.20)
Permits	(Section 4.21)
Due Diligence	(Section 4.25)
Environmental Matters	(Section 4.22)
Affiliate Relationship	(Section 4.23)
Buyer Consent	(Section 5.04)
Buyer Brokerage	(Section 5.06)
Indemnitors	(Section 7.02)
Liens	(Section 8.01)

Exhibit 4.1

CERTIFICATE OF DESIGNATION, PREFERENCES
AND RIGHTS OF SERIES B
CONVERTIBLE PREFERRED STOCK
OF
INTEGRA LIFESCIENCES CORPORATION

Integra LifeSciences Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY THAT:

A. Pursuant to authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, as amended (as amended, the "Certificate of Incorporation"), and pursuant to the provisions of Section 151 of Title 8 of the Delaware Code of 1953, as amended, said Board of Directors, at a meeting held on February 25, 1999, adopted resolutions providing for the designation, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions of the Corporation's Series B Convertible Preferred Stock, which resolutions are as follows:

WHEREAS, the Certificate of Incorporation of this Corporation provides for two classes of shares known as Common Stock, par value $.01 per share, and Preferred Stock, par value $.01 per share; and

WHEREAS, the Board of Directors of this Corporation is authorized by the Certificate of Incorporation to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors deems it advisable to, and hereby does, designate a Series B Convertible Preferred Stock and fixes and determines the preferences, rights, qualifications, limitations and restrictions relating to the Series B Convertible Preferred Stock as follows:

1. Designation/Ranking. The shares of such series of Preferred Stock shall be designated as "Series B Convertible Preferred Stock" (referred to herein as the "Series B Convertible Preferred Stock"). The Series B Convertible Preferred Stock shall rank senior to the Corporation's Common Stock and all other Preferred Stock of the Company, with respect to the payment of distributions on liquidation, dissolution or winding up of the Corporation and with respect to the payment of dividends.

2. Authorized Number. The number of shares constituting the Series B Convertible Preferred Stock shall be 120,000 shares.

3. Dividends. The holders of Series B Convertible Preferred Stock shall be entitled to receive, out of funds legally available for such purpose, annual cumulative dividends which shall accrue at the rate of 10% per annum, payable upon the liquidation, dissolution or winding up of the Corporation.

Dividends on each share of Series B Convertible Preferred Stock shall be cumulative and shall accrue from the date of issuance of such share of Series B Convertible Preferred Stock. The date on which the Corporation initially issues any share of Series B Convertible Preferred Stock shall be deemed to be its "date of issuance," regardless of the number of times of transfer of such shares is made on the stock records maintained by or for the Corporation and regardless of the number of certificates that may be issued to evidence such share.

4. Liquidation.

(a) Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, in which all or substantially all of the consideration, if any, received by the Corporation or its stockholders is in cash, the holders of the shares of Series B Convertible Preferred Stock shall be paid, before any distribution or payment is made upon any stock ranking on liquidation junior to the Series B Convertible Preferred Stock, an amount equal to $100 per share plus, in the case of each share, an amount equal to any dividends declared but unpaid thereon, through the date payment thereof is made available, and the holders of Series B Convertible Preferred Stock shall not be entitled to any further payment (such amount payable with respect to one share of Series B Convertible Preferred Stock being sometimes referred to as the "Liquidation Payment" and with respect to all shares of Series B Convertible Preferred Stock being sometimes referred to as the "Liquidation Payments").

(b) Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, in which all or substantially all of the consideration, if any, received by the Corporation or its stockholders is in securities, the Corporation shall have the option, at its election, of paying such Liquidation Payments to the holders of the shares of Series B Convertible Preferred Stock in cash or in a preferred security of the successor entity having terms substantially similar to the Series B Convertible Preferred Stock.

(c) If upon such liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the holders of Series B Convertible Preferred Stock shall be insufficient to permit payment to the holders of Series B Convertible Preferred Stock of the Liquidation Payments, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the holders of Series B Convertible Preferred Stock. Upon any such liquidation, dissolution or winding up of the Corporation, after the holders of Series B Convertible Preferred Stock shall have been paid in full

the Liquidation Payments to which they shall be entitled, the Series B Convertible Preferred Stock shall be automatically cancelled and the remaining net assets of the Corporation may be distributed to the holders of stock ranking on liquidation junior to the Series B Convertible Preferred Stock.

(d) Written notice of such liquidation, dissolution or winding up, stating a payment date, the amount of the Liquidation Payments and the place where said Liquidation Payments shall be payable, shall be delivered in person, mailed by certified or registered mail, return receipt requested, or sent by telecopier or telex, not less than 10 days prior to the payment date stated therein, to the holders of record of Series B Convertible Preferred Stock, such notice to be addressed to each such holder at its address as shown by the records of the Corporation.

(e) For purposes of this paragraph 4, a liquidation, dissolution or winding up of the Corporation shall be deemed to include (i) the Corporation's sale of all or substantially all of its assets or (ii) the merger or consolidation of the Corporation into or with any other corporation, in which all or substantially all of the consideration received by the Corporation or its stockholders in connection with such sale, merger or consolidation is: (x) in cash, or (y) in securities of the acquiring company or an affiliate thereof having a fair market value per share of Common Stock which is lower than the Conversion Price (as defined below) as last adjusted and in effect at the date of such liquidation, dissolution or winding up; provided that a liquidation, dissolution or winding up of the Corporation shall not include a sale, merger or consolidation in which all or substantially all of the consideration received by the Corporation or its stockholders in connection therewith is in securities of the acquiring company or an affiliate thereof having a fair market value per share of Common Stock which is equal to or greater than the Conversion Price as last adjusted and in effect on the date of such liquidation, dissolution or winding up. Nothing in this paragraph 4 shall limit the rights of the holders of the Series B Convertible Preferred Stock to convert their shares of Series B Convertible Preferred Stock in accordance with the terms hereof prior to a liquidation, dissolution or winding up of the Corporation.

(f) The Series B Convertible Preferred Stock shall, with respect to distribution of assets and rights upon the liquidation, dissolution or winding up of the Corporation, rank on a parity with any class or series of capital stock of the Corporation hereafter created which expressly provides that it ranks on a parity with the Series B Convertible Preferred Stock with respect to distribution of assets and rights upon the liquidation, dissolution or winding up of the Corporation. The Series B Convertible Preferred Stock shall, with respect to distribution of assets and rights upon the liquidation, dissolution or winding up of the Corporation, rank senior to (i) the Corporation's Series A Convertible Preferred Stock, $.01 par value per share, and (ii) each class or series of capital stock of the Corporation hereafter created which does not expressly provide that it ranks on a parity with or senior to the Series B Convertible Preferred Stock with respect to distribution of assets and rights upon the liquidation, dissolution or winding up of the Corporation.

5. Restrictions. At any time when shares of Series B Convertible Preferred Stock are outstanding, except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law or by the Corporation's Articles of Incorporation, and in addition to any other vote required by law or the Corporation's Articles of Incorporation, without the approval of the holders of at least 66 2/3% of the then outstanding shares of Series B Convertible Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a series, the Corporation will not:

(a) Create, issue or authorize the creation or issuance of any additional class or series of shares of stock unless the same ranks junior to the Series B Convertible Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or increase the authorized amount of the Series B Convertible Preferred Stock or increase the authorized amount of any additional class or series of shares of stock unless the same ranks junior to the Series B Convertible Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or create, issue (other than to the holder of any shares of Series B Convertible Preferred Stock) or authorize the creation or issuance of any obligation or security convertible into shares of Series B Convertible Preferred Stock or into shares of any other class or series of stock unless the same ranks junior to the Series B Convertible Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, whether any such creation, issuance, authorization or increase shall be by means of amendment to the Corporation's Articles of Incorporation or by merger, consolidation or otherwise; or

(b) effect any transaction or other action that would adversely affect the rights, preferences, powers (including, without limitation, voting powers) and privileges of the Series B Preferred Stock; provided that a merger or sale of substantially all of the Corporation's assets in which all or substantially all of the consideration is stock of the acquiring company or an affiliate thereof shall not require the consent or vote of the holders of Series B Convertible Preferred Stock separately as a series.

6. Conversions. The holders of shares of Series B Convertible Preferred Stock shall have the following conversion rights:

(a) Right to Convert. Subject to the terms and conditions of this paragraph 6, the holder of any share or shares of Series B Convertible Preferred Stock shall have the right, at its option at any time, to convert any such shares (or fractions thereof) of Series B Convertible Preferred Stock (except that upon any liquidation, dissolution or winding up of the Corporation the right of conversion shall terminate at the close of business on the business day immediately preceding the date fixed for payment of the amount distributable on the Series B Convertible Preferred Stock) into such number of fully paid and nonassessable shares of Common Stock as is obtained by (i) multiplying the number of shares of Series B Convertible Preferred Stock so to be converted by $100 and (ii) dividing the result by the conversion price of $3.82 per share or, in case an adjustment of such price has taken place pursuant to the further provisions of this paragraph 6, then by the conversion price as last adjusted and in effect at the date any share or shares of Series B Convertible Preferred Stock are surrendered for conversion

(such price, or such price as last adjusted, being referred to as the "Conversion Price"). Such rights of conversion shall be exercised by the holder thereof by giving written notice that the holder elects to convert a stated number of shares of Series B Convertible Preferred Stock into Common Stock and by surrender of a certificate or certificates for the shares so to be converted to the Corporation at its principal office (or such other office or agency of the Corporation as the Corporation may designate by notice in writing to the holders of the Series B Convertible Preferred Stock) at any time during its usual business hours on the date set forth in such notice, together with a statement of the name or names (with address) in which the certificate or certificates for shares of Common Stock shall be issued.

(b) Issuance of Certificates; Time Conversion Effected. Promptly after the receipt of the written notice referred to in subparagraph 6(a) and surrender of the certificate or certificates for the share or shares of Series B Convertible Preferred Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the holder, registered in such name or names as such holder may direct, a certificate or certificates for the number of whole shares of Common Stock issuable upon the conversion of such share or shares of Series B Convertible Preferred Stock. To the extent permitted by law, such conversion shall be deemed to have been effected and the Conversion Price shall be determined as of the close of business on the date on which such written notice shall have been received by the Corporation and the certificate or certificates for such share or shares shall have been surrendered as aforesaid, and at such time the rights of the holder of such share or shares of Series B Convertible Preferred Stock shall cease, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

(c) Fractional Shares; Partial Conversion. No fractional shares of Common Stock shall be issued upon conversion of Series B Convertible Preferred Stock into Common Stock and no payment or adjustment shall be made upon any conversion on account of any cash dividends on the Common Stock issued upon such conversion. If the number of shares of Series B Convertible Preferred Stock represented by the certificate or certificates surrendered pursuant to subparagraph 6(a) exceeds the number of shares converted, the Corporation shall, upon such conversion, execute and deliver to the holder, at the expense of the Corporation, a new certificate or certificates for the number of shares (or fractions thereof) of Series B Convertible Preferred Stock represented by the certificate or certificates surrendered which are not to be converted. If any fractional share of Common Stock would, except for the provisions of the first sentence of this subparagraph 6(c), be delivered upon such conversion, the Corporation, in lieu of delivering such fractional share, shall pay to the holder surrendering the Series B Convertible Preferred Stock for conversion an amount in cash equal to the current market price of such fractional share as determined in good faith by the Board of Directors of the Corporation.

(d) Subdivision or Combination of Common Stock. In case the Corporation shall at any time subdivide (by any stock split, stock dividend or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision shall be proportionately reduced, and, conversely, in

case the outstanding shares of Common Stock shall be combined into a smaller number of shares, the Conversion Price in effect immediately prior to such combination shall be proportionately increased.

(e) Reorganization, Recapitalization or Reclassification. If any capital reorganization, recapitalization or reclassification of the capital stock of the Corporation (other than a merger or consolidation of the Corporation in which the Corporation is the surviving corporation and which does not result in a reclassification or change of outstanding shares of Common Stock or a merger or consolidation which is deemed to be a liquidation, dissolution or winding up of the Corporation pursuant to paragraph 4) shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock, then, as a condition of such reorganization, recapitalization or reclassification, lawful and adequate provisions shall be made whereby each holder of a share or shares of Series B Convertible Preferred Stock shall thereupon have the right to receive, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore receivable upon the conversion of such share or shares of Series B Convertible Preferred Stock, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such Common Stock immediately theretofore receivable upon such conversion had such reorganization or reclassification not taken place, and in any such case appropriate provisions shall be made with respect to the rights and interests of such holder to the end that the provisions hereof (including without limitation provisions for adjustments of the Conversion Price) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise of such conversion rights.

(f) Notice of Adjustment. Upon any adjustment of the Conversion Price, then and in each such case the Corporation shall give written notice thereof, by delivery in person, certified or registered mail, return receipt requested, telecopier or telex, addressed to each holder of shares of Series B Convertible Preferred Stock at the address of such holder as shown on the books of the Corporation, which notice shall state the Conversion Price resulting from such adjustment, setting forth in reasonable detail the method upon which such calculation is based.

(g) Other Notice. In case at any time:

(1) the Corporation shall declare any dividend upon its Common Stock payable in cash or stock or make any other distribution to the holders of its Common Stock;

(2) the Corporation shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(3) there shall be any capital reorganization or reclassification of the capital stock of the Corporation, or a consolidation or merger of the Corporation with or into another entity or entities, or a sale, lease, abandonment, transfer or other disposition of all or substantially all its assets; or

(4) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then, in any one or more of said cases, the Corporation shall give, by delivery in person, certified or registered mail, return receipt requested, telecopier or telex, addressed to each holder of any shares of Series B Convertible Preferred Stock at the address of such holder as shown on the books of the Corporation, (i) at least 10 days' prior written notice of the date on which the books of the Corporation shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding up and (ii) in the case of any such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding up, at least 10 days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (i) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto and such notice in accordance with the foregoing clause (ii) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding up, as the case may be.

(h) Stock to be Reserved. The Corporation will at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the conversion of Series B Convertible Preferred Stock as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Series B Convertible Preferred Stock. The Corporation covenants that all shares of Common Stock which shall be so issued shall be duly authorized, validly issued, fully paid and nonassessable by the Corporation and free from all taxes, liens and charges with respect to the issue thereof, and, without limiting the generality of the foregoing, the Corporation covenants that it will from time to time take all such action as may be requisite to assure that the par value per share of the Common Stock is at all times equal to or less than the Conversion Price in effect at the time. The Corporation will take all such action as may be necessary to assure that all such shares of Common Stock may be so issued without violation of any applicable law or regulation, or of any requirement of any national securities exchange upon which the Common Stock may be listed. The Corporation will not take any action which results in any adjustment of the Conversion Price if the total number of shares of Common Stock issued and issuable after such action upon conversion of the Series B Convertible Preferred Stock would exceed the total number of shares of Common Stock then authorized by the Corporation's Articles of Incorporation.

(i) No Reissuance of Series B Convertible Preferred Stock. Shares of Series B Convertible Preferred Stock which are converted into shares of Common Stock as provided herein shall not be reissued as shares of Series B Convertible Preferred Stock.

(j) Issue Tax. The issuance of certificates for shares of Common Stock upon conversion of Series B Convertible Preferred Stock shall be made without charge to

the holders thereof for any issuance tax in respect thereof, provided that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the Series B Convertible Preferred Stock which is being converted.

(k) Closing of Books. The Corporation will at no time close its transfer books against the transfer of any Series B Convertible Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Series B Convertible Preferred Stock in any manner which interferes with the timely conversion of such Series B Convertible Preferred Stock, except as may otherwise be required to comply with applicable securities laws.

(l) Definition of "Common Stock." As used in this paragraph 6, the term "Common Stock" shall be deemed to mean (i) the Common Stock, par value $.01, and (ii) the stock of the Corporation of any class, or series within a class, whether now or hereafter authorized, which has the right to participate in the distribution of either earnings or assets of the Corporation without limit as to the amount or percentage.

(m) Minimum Adjustment. No reduction of the Conversion Price shall be made if the amount of any such reduction would be an amount less than $.01, but any such amount shall be carried forward and reduction with respect thereof shall be made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate $.01 or more.

7. Future Issuance of Shares; Preemptive Rights.

(a) Offering Notice. Except for (i) capital stock of the Corporation which may be issued to employees, consultants or directors of the Corporation pursuant to a stock incentive plan or other employee benefit arrangement approved by the Board of Directors, (ii) a subdivision of the outstanding shares of Common Stock into a larger number of shares of Common Stock, (iii) capital stock issued as full or partial consideration for a merger, acquisition, joint venture, strategic alliance, license agreement or other similar non-financing transaction, (iv) capital stock issued in connection with a publicly registered offering, or (v) capital stock issued upon exercise, conversion or exchange of any Preferred Stock, options or warrants, if the Corporation wishes to issue any shares of capital stock or any other securities convertible into or exchangeable for capital stock of the Corporation (collectively, "New Securities") to any Person (the "Subject Purchaser"), then the Corporation shall send written notice (the "New Issuance Notice") to the holders of the Series B Preferred Stock, which New Issuance Notice shall state (x) the number of New Securities proposed to be issued and (y) the proposed purchase price per share of the New Securities that the Corporation is willing to accept (the "Proposed Price").

(b) Preemptive Rights; Exercise.

(i) For a period of fifteen (15) days after the giving of the New Issuance Notice as provided in Section 7(a), each holder of the Series B Preferred Stock (each, a "Preemptive Rightholder") shall have the right to purchase up to its Proportionate Percentage (as

hereinafter defined) of the New Securities at a purchase price equal to the Proposed Price and upon the terms and conditions set forth in the New Issuance Notice. Each Preemptive Rightholder shall have the right to purchase up to that percentage of the New Securities determined by dividing (a) a number equal to the number of shares of Common Stock into which the shares of Series B Convertible Preferred Stock then owned by such Preemptive Rightholder are convertible by (b) the total of (i) the number of shares of Common Stock then outstanding and (ii) the number of shares of Common Stock into which all outstanding shares of Preferred Stock are convertible (the "Proportionate Percentage").

(ii) The right of each Preemptive Rightholder to purchase the New Securities under subsection (i) above shall be exercisable by delivering written notice of its exercise, prior to the expiration of the 15-day period referred to in subsection (i) above, to the Corporation, which notice shall state the amount of New Securities that the Preemptive Rightholder elects to purchase as provided in Section 7(b)(i). The failure of a Preemptive Rightholder to respond within the 15-day period shall be deemed to be a waiver of the Preemptive Rightholder's rights under Section 7(b)(i); provided that each Preemptive Rightholder may waive its, his or her rights under Section 7(b)(i) prior to the expiration of the 15-day period by giving written notice to the Corporation.

(iii) If, following the expiration of the 15-day period referred to above, not all of the New Securities have been subscribed for by the Subject Purchasers, each Preemptive Rightholder shall have the option to reduce that number of New Securities it has elected to purchase pursuant to Section 7(b)(i) by a proportionate amount.

(c) Closing. The closing of the purchase of New Securities subscribed for by the Preemptive Rightholders under Section 7(b) shall be held at the same time and place as the closing of the New Securities subscribed for by the Subject Purchasers (the "Closing"). At the Closing, the Corporation shall deliver certificates representing the New Securities, and the New Securities shall be issued free and clear of all Liens and the Corporation shall so represent and warrant, and further represent and warrant that the New Securities shall be, upon issuance of the New Securities to the Preemptive Rightholders and after payment for the New Securities, duly authorized, validly issued, fully paid and nonassessable by the Corporation. At the Closing, the Preemptive Rightholders purchasing the New Securities shall deliver payment in full in immediately available funds for the New Securities purchased by it, him or her. At the Closing, all of the parties to the transaction shall execute any additional documents that are otherwise necessary or appropriate.

(d) Sale to Subject Purchaser. The Corporation may sell to the Subject Purchaser all of the New Securities not purchased by the Preemptive Rightholders as provided in Section 7(b) on terms and conditions that are no more favorable to the Subject Purchaser than those set forth in the New Issuance Notice; provided, however, that the sale is bona fide and made pursuant to a contract entered into within four (4) months of the earlier to occur of (i) the waiver by the Preemptive Rightholders of their option to purchase the New Securities as provided in Section 7(b) and (ii) the expiration of the 15-day period referred to in Section 7(b). If such sale is not consummated within such four (4) month period for any reason, then the

restrictions provided for in this Section 7 shall again become effective, and no issuance and sale of New Securities may be made thereafter by the Corporation without again offering the New Securities in accordance with this Section 7. The closing of any issue and purchase contemplated by this Section 7(d) shall be held at the time and place as the parties to the transaction may agree.

8. Voting Rights. Holders of Series B Convertible Preferred Stock shall be entitled to notice of any stockholders' meeting. Except as otherwise required by law, at any annual or special meeting of the Corporation's stockholders, or in connection with any written consent in lieu of any such meeting, each outstanding share of Series B Convertible Preferred Stock shall be entitled to the number of votes equal to the number of full shares of Common Stock into which such share of Series B Convertible Preferred Stock is then convertible (calculated by rounding any fractional share down to the nearest whole number) on the date for determination of stockholders entitled to vote at the meeting. Except as otherwise required by law, the Series B Convertible Preferred Stock and the Common Stock shall vote together as a single class on each matter submitted to the stockholders, and not by separate class or series.

9. Optional Redemption.

(a) For the purposes of this Section 9 the "Target Market Price" shall mean an amount equal to: (i) in the twelve-month period commencing on March 15, 2001, 2.5 times the Conversion Price as last adjusted and then in effect; (ii) in the twelve-month period commencing on March 15, 2002, 3.25 times the Conversion Price as last adjusted and then in effect; and (iii)in the twelve-month period commencing on March 15, 2003, 4 times the Conversion Price as last adjusted and then in effect.

(b) If, at any time after March 15, 2001, for a period of not less than thirty (30) consecutive trading days, the average closing price of the Corporation's Common Stock on the principal securities exchange or market on which such shares are then traded has been equal to or greater than the Target Market Price, then the Corporation may, at the option of the Board of Directors of the Corporation, redeem from any source of funds legally available therefor, in whole or in part, in the manner provided herein, any or all whole number of shares of Series B Convertible Preferred Stock at any time outstanding for a cash amount per share to be redeemed equal to the Liquidation Payment as defined in Section 4 (the "Redemption Price").

(c) Notwithstanding the foregoing, at any time and from time to time after March 15, 2004, the Corporation may, at the option of the Board of Directors of the Corporation, redeem from any source of funds legally available therefor, in whole or in part, in the manner provided herein, any or all whole number of shares of Series B Convertible Preferred Stock at any time outstanding for an amount per share to be redeemed equal to the Redemption Price.

10. Redemption Procedure. At least forty-five (45) days prior to the date fixed for redemption of the Series B Convertible Preferred Stock pursuant to Section 8, written notice ("Redemption Notice") shall be mailed, postage prepaid, to each holder of record of the Series B Convertible Preferred Stock at its address last shown on the records of the Corporation. The Redemption Notice shall state:

(a) whether all or less than all of the outstanding shares of Series B Convertible Preferred Stock are to be redeemed and the total number of shares of Series B Convertible Preferred Stock being redeemed;

(b) the number of shares of Series B Convertible Preferred Stock held by the holder that the Corporation intends to redeem;

(c) the date of the redemption and the Redemption Price; and

(d) that the holder is to surrender to the Corporation, in the manner and at the place designated, his or her certificate or certificates representing shares of Series B Convertible Preferred Stock to be redeemed.

Any failure to mail the notice provided for herein or any defect therein or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any shares so to be redeemed.

On or before the date fixed for any redemption of shares, each holder of shares of Series B Convertible Preferred Stock to be redeemed on such date, unless the holder has exercised his right to convert the shares as provided in Section 6, shall surrender the certificate or certificates representing such shares of Series B Convertible Preferred Stock to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be cancelled and retired. In the event less than all of the shares represented by such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

If the Redemption Notice is duly given, and if on or prior to the Redemption Date the Redemption Price is either paid or made available for payment, then notwithstanding that the certificates evidencing any of the shares of Series B Convertible Preferred Stock so called for redemption have not been surrendered, all rights with respect to such shares shall forthwith after the Redemption Date cease and terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificates therefor.

B. The recitals and resolutions contained herein have not been modified, altered or amended and are presently in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 12th day of March 1999.

INTEGRA LIFESCIENCES CORPORATION

By: /s/Stuart M. Essig

Stuart M. Essig, President

Exhibit 4.2

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS IT IS REGISTERED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE THEREUNDER.

Date: March 29, 1999

WARRANT TO PURCHASE
60,000 SHARES OF COMMON STOCK OF
INTEGRA LIFESCIENCES CORPORATION

Void after 5:00 P.M. (Eastern Time) on the
Expiration Date (as defined herein)

THIS CERTIFIES that SFM DOMESTIC INVESTMENTS LLC (the "Warrant Holder"), or registered assigns, is entitled to purchase from INTEGRA LIFESCIENCES CORPORATION (the "Company"), a Delaware corporation, at any time after the date hereof and until 5:00 P.M. (Eastern Time) on the Expiration Date, SIXTY THOUSAND fully paid and nonassessable shares of Common Stock of the Company, $.01 par value per share (the "Common Stock"), at a purchase price of $3.82 per share, in each case subject to adjustment as provided in Section 6 hereof.

1. Definitions. For the purpose of this Warrant:

(a) "Expiration Date" shall mean March 28, 2001.

(b) "Warrant Price" shall mean the price per share at which shares of Common Stock of the Company are purchasable hereunder, as such price may be adjusted from time to time hereunder.

(c) "Warrant Shares" shall mean the Common Stock purchased upon exercise of Warrants.

(d) "Warrants" shall mean this original Warrant to purchase Common Stock of the Company and any and all Warrants which are issued in exchange or substitution for the Warrant pursuant to the terms of that Warrant.

2. Method of Exercise of Warrants. This Warrant may be exercised at any time and from time to time after the date hereof and prior to 5:00 P.M. (Eastern Time) on the Expiration Date, in whole or in part (but not as to fractional shares), by the surrender of the Warrant, manually or by facsimile transmission, with the Purchase Agreement attached hereto as Exhibit A properly completed and duly executed, at the principal office of the Company at 105 Morgan Lane, Plainsboro, New Jersey 08536, facsimile number (609) 799-3297, or such other location which shall at that time be the principal office of the Company (the "Principal Office"), and upon payment to it by certified check or bank draft or wire transfer of immediately available funds to the order of the Company of the purchase price for the shares to be purchased upon such exercise. The person entitled to the shares so purchased shall be treated for all purposes as the holder of such shares as of the close of business on the date of exercise and certificates for the shares of stock so purchased shall be delivered to the person so entitled within a reasonable time, not exceeding thirty (30) days, after such exercise. Unless this Warrant has expired, a new Warrant of like tenor and for such number of shares as the holder of this Warrant shall direct, representing in the aggregate the right to purchase a number of shares with respect to which this Warrant shall not have been exercised, shall also be issued to the holder of this Warrant within such time.

3. Exchange. This Warrant is exchangeable, upon the surrender hereof by the holder hereof at the Principal Office of the Company, for new Warrants of like tenor registered in such holder's name and representing in the aggregate the right to purchase the number of shares purchasable under the Warrant being exchanged, each of such new Warrants to represent the right to subscribe for and purchase such number of shares as shall be designated by said holder at the time of such surrender.

4. Transfer. Subject to restrictions on transfer set forth herein, this Warrant is transferable, in whole or in part, at the Principal Office of the Company by the holder hereof, in person or by duly authorized attorney, upon presentation of this Warrant, properly endorsed, for transfer. Each holder of this Warrant, by holding it, agrees that the Warrant, when endorsed in blank, may be deemed negotiable, and that the holder hereof, when the Warrant shall have been so endorsed, may be treated by the Company and all other persons dealing with the Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by the Warrant, or to the transfer thereof on the books of the Company, any notice to the contrary notwithstanding.

5. Certain Covenants of the Company. The Company covenants and agrees that all shares which may be issued upon the exercise of this Warrant will, upon issuance, be duly authorized and validly issued, fully paid and nonassessable and free and clear of any liens or encumbrances whatsoever. The Company covenants and agrees that none of the shares which may be issued upon the exercise of this Warrant will, upon issuance, be in violation of or subject to any preemptive rights of any person. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

6. Adjustment of Purchase Price and Number of Shares. The number and kind of securities purchasable upon the exercise of the Warrants and the Warrant Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

(a) Reclassification, Consolidation or Merger. At any time while the Warrants remain outstanding and unexpired, in case of any reclassification or change of outstanding securities issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or from no par value to par value or as a result of a subdivision or combination of outstanding securities issuable upon the exercise of the Warrants) or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is a continuing corporation and which does not result in any reclassification or change of rights of outstanding securities issuable upon exercise of the Warrants, other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of outstanding securities issuable upon exercise of the Warrants), the Company, or such successor corporation, as the case may be, shall, without payment of any additional consideration therefor, execute new Warrants providing that the holders of the Warrants shall have the right to exercise such new Warrants (upon terms not less favorable to the holders than those then applicable to the Warrants) and to receive upon such exercise, in lieu of each share of Common Stock or other security theretofore issuable upon exercise of the Warrants, the kind and amount of shares of stock, other securities, money or property receivable upon such reclassification, change, consolidation or merger by the holder of one share of Common Stock or other security issuable upon exercise of the Warrants had the Warrants been exercised immediately prior to such reclassification, change, consolidation or merger. Such new Warrants shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6. The provisions of this subsection 6(a) shall similarly apply to successive reclassifications, changes, consolidations and mergers.

(b) Subdivision or Combination of Shares. If the Company at any time while the Warrants remain outstanding and unexpired shall subdivide or combine its Common Stock, (i) the Warrant Price shall be proportionately reduced, and the number of shares of Common Stock for which this Warrant may be exercised shall be proportionately increased, in case of subdivision of such shares, as of the effective date of such subdivision, or, if the Company shall take a record of holders of its Common Stock for the purpose of so subdividing, as of such record date, whichever is earlier, or (ii) the Warrant Price shall be proportionately increased, and the number of shares of Common Stock for which this Warrant may be exercised shall be proportionately reduced, in the case of combination of such shares, as of the effective date of such combination, or, if the Company shall take a record of holders of its Common Stock for the purpose of so combining, as of such record date, whichever is earlier.

(c) Stock Dividends. If the Company at any time while the Warrants remain outstanding and unexpired shall pay a dividend in shares of its Common Stock, or make other distribution to the holders of Common Stock or of options, warrants or rights to subscribe for or purchase shares of Common Stock or of evidences of indebtedness issued by the Company or any other person, then the Warrant Price shall be adjusted, as of the date the Company shall take a record of the holders of its Common Stock for the purpose of receiving such dividend or

other distribution (or if no such record is taken, as at the date of such payment or other distribution), to that price determined by multiplying the Warrant Price in effect immediately prior to such payment or other distribution by a fraction (i) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution (the "Fraction"), and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted by multiplying such number by the reciprocal of the Fraction. The number of shares of Common Stock at any time outstanding shall not include any shares thereof then directly or indirectly owned or held by or for the account of the Company or any wholly-owned subsidiary. The provisions of this subsection 6(c) shall not apply under any of the circumstances for which an adjustment is provided in subsections 6(a) or 6(b).

(d) Liquidating Dividends, Etc. If the Company at any time while the Warrants remain outstanding and unexpired makes a distribution of its assets to the holders of its Common Stock as a dividend in liquidation or by way of return of capital or other than as a dividend payable out of earnings or surplus legally available for dividends under applicable law or any distribution to such holders made in respect of the sale of all or substantially all of the Company's assets (other than under the circumstances provided for in the foregoing subsections 6(a) through 6(c)), the Warrant Holder shall be entitled to receive upon the exercise hereof, in addition to the shares of Common Stock receivable upon such exercise, and without payment of any consideration other than the Warrant Price, an amount of such assets so distributed equal to the value of such distribution per share of Common Stock multiplied by the number of shares of Common Stock which, on the record date for such distribution, are issuable upon exercise of this Warrant (with no further adjustment being made following any event which causes a subsequent adjustment in the number of shares of Common Stock issuable upon the exercise hereof), and an appropriate provision therefor shall be made a part of any such distribution. The value of a distribution which is paid in other than cash shall be determined by an independent appraiser designated by the Board of Directors of the Company.

(e) Notice of Adjustments. Whenever the Warrant Price or the number of shares of Common Stock purchasable under the terms of this Warrant at the Warrant Price shall be adjusted pursuant to this Section 6, the Company shall promptly prepare a certificate signed by its President or a Vice President and by its Treasurer or Assistant Treasurer or its Secretary or Assistant Secretary, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Company's Board of Directors made any determination hereunder), and the Warrant Price and number of shares of Common Stock purchasable at that Warrant Price after giving effect to such adjustment, and shall promptly cause copies of such certificate to be mailed (by first class and postage prepaid) to the registered holder of this Warrant.

7. Fractional Shares. No fractional shares of the Company's Common Stock will be issued in connection with any purchase hereunder but in lieu of such fractional shares, the Company shall make a cash refund therefor equal in amount to the product of the applicable

fraction multiplied by the Warrant Price paid by the holder for its Warrant Shares upon such exercise.

8. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence reasonably satisfactory to it that any Warrant has been mutilated, destroyed, lost or stolen, and in the case of any destroyed, lost or stolen Warrant, a bond of indemnity reasonably satisfactory to the Company, or in the case of a mutilated Warrant, upon surrender and cancellation thereof, the Company will execute and deliver in the Warrant Holder's name, in exchange and substitution for the Warrant so mutilated, destroyed, lost or stolen, a new Warrant of like tenor substantially in the form thereof with appropriate insertions and variations.

9. Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first class mail, return receipt requested, telecopier, courier service, overnight mail or personal delivery:

(i) if to the Warrant Holder:

Soros Fund Management LLC
888 Seventh Avenue
New York, New York 10016
Telecopy: (212) 664-0544
Attn: Michael Neus, Esq.

and a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attn: Matthew Nimetz, Esq.

(ii) if to the Company:

Integra LifeSciences Corporation
105 Morgan Lane
Plainsboro, New Jersey 08536
Telecopy: (609) 799-3297
Attn: Stuart M. Essig,
President and CEO

with a copy to:

Drinker Biddle & Reath LLP
105 College Road East
Princeton, New Jersey 08542
Telecopy: (609) 799-7000
Attn: John E. Stoddard III, Esq.

All such notices and communications shall be deemed to have been duly given when hand delivered by hand, if personally delivered; when delivered by courier or overnight mail, if delivered by commercial courier service or overnight mail; five (5) business days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied. Any party may by notice given in accordance with this Section 9 designate another address or person for receipt of notices hereunder.

10. Headings. The descriptive headings of the several sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

11. Payment of Taxes. The issuance of certificates for Warrant Shares shall be made without charge to the Warrant Holder for any stock transfer or other issuance tax in respect thereto; provided, however, that the Warrant Holder shall be required to pay any and all taxes that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Warrant Holder as upon the books of the Company.

12. Binding Effect; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrant Holder and their respective successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any person other than the Company and the Warrant Holder, or their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

13. Severability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

14. Governing Law. THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF.

15. No Rights or Liabilities as Stockholders. Nothing contained in this Warrant shall be determined as conferring upon the Warrant Holder any rights as a stockholder of the Company or as imposing any liabilities on the Warrant Holder to purchase any securities, whether such liabilities are asserted by the Company or by creditors or stockholders of the Company or otherwise.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer on the date of this Warrant.

INTEGRA LIFESCIENCES CORPORATION

By: /s/Stuart M. Essig

Stuart M. Essig, President

Exhibit A

PURCHASE AGREEMENT

Date: _____

TO:

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby agrees to purchase shares of Common Stock covered by such Warrant, and makes payment herewith in full therefor at the price per share provided by this Warrant.

Signature:

Address:

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* * *

ASSIGNMENT

For Value Received, _____ hereby sells, assigns and transfers all of the rights of the undersigned under the within Warrant, with respect to the number of shares of Common Stock covered by such Warrant, to:

NAME OF ASSIGNEE	ADDRESS	NO. OF SHARES
- ----------	-------	----------

Dated:

Signature:

Witness:

Exhibit 4.3

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS IT IS REGISTERED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE THEREUNDER.

Date: March 29, 1999

WARRANT TO PURCHASE
180,000 SHARES OF COMMON STOCK OF
INTEGRA LIFESCIENCES CORPORATION

Void after 5:00 P.M. (Eastern Time) on the
Expiration Date (as defined herein)

THIS CERTIFIES that QUANTUM INDUSTRIAL PARTNERS LDC (the "Warrant Holder"), or registered assigns, is entitled to purchase from INTEGRA LIFESCIENCES CORPORATION (the "Company"), a Delaware corporation, at any time after the date hereof and until 5:00 P.M. (Eastern Time) on the Expiration Date, ONE HUNDRED EIGHTY THOUSAND fully paid and nonassessable shares of Common Stock of the Company, $.01 par value per share (the "Common Stock"), at a purchase price of $3.82 per share, in each case subject to adjustment as provided in Section 6 hereof.

1. Definitions. For the purpose of this Warrant:

(a) "Expiration Date" shall mean March 28, 2001.

(b) "Warrant Price" shall mean the price per share at which shares of Common Stock of the Company are purchasable hereunder, as such price may be adjusted from time to time hereunder.

(c) "Warrant Shares" shall mean the Common Stock purchased upon exercise of Warrants.

(d) "Warrants" shall mean this original Warrant to purchase Common Stock of the Company and any and all Warrants which are issued in exchange or substitution for the Warrant pursuant to the terms of that Warrant.

2. Method of Exercise of Warrants. This Warrant may be exercised at any time and from time to time after the date hereof and prior to 5:00 P.M. (Eastern Time) on the Expiration Date, in whole or in part (but not as to fractional shares), by the surrender of the Warrant, manually or by facsimile transmission, with the Purchase Agreement attached hereto as Exhibit A properly completed and duly executed, at the principal office of the Company at 105 Morgan Lane, Plainsboro, New Jersey 08536, facsimile number (609) 799-3297, or such other location which shall at that time be the principal office of the Company (the "Principal Office"), and upon payment to it by certified check or bank draft or wire transfer of immediately available funds to the order of the Company of the purchase price for the shares to be purchased upon such exercise. The person entitled to the shares so purchased shall be treated for all purposes as the holder of such shares as of the close of business on the date of exercise and certificates for the shares of stock so purchased shall be delivered to the person so entitled within a reasonable time, not exceeding thirty (30) days, after such exercise. Unless this Warrant has expired, a new Warrant of like tenor and for such number of shares as the holder of this Warrant shall direct, representing in the aggregate the right to purchase a number of shares with respect to which this Warrant shall not have been exercised, shall also be issued to the holder of this Warrant within such time.

3. Exchange. This Warrant is exchangeable, upon the surrender hereof by the holder hereof at the Principal Office of the Company, for new Warrants of like tenor registered in such holder's name and representing in the aggregate the right to purchase the number of shares purchasable under the Warrant being exchanged, each of such new Warrants to represent the right to subscribe for and purchase such number of shares as shall be designated by said holder at the time of such surrender.

4. Transfer. Subject to restrictions on transfer set forth herein, this Warrant is transferable, in whole or in part, at the Principal Office of the Company by the holder hereof, in person or by duly authorized attorney, upon presentation of this Warrant, properly endorsed, for transfer. Each holder of this Warrant, by holding it, agrees that the Warrant, when endorsed in blank, may be deemed negotiable, and that the holder hereof, when the Warrant shall have been so endorsed, may be treated by the Company and all other persons dealing with the Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by the Warrant, or to the transfer thereof on the books of the Company, any notice to the contrary notwithstanding.

5. Certain Covenants of the Company. The Company covenants and agrees that all shares which may be issued upon the exercise of this Warrant will, upon issuance, be duly authorized and validly issued, fully paid and nonassessable and free and clear of any liens or encumbrances whatsoever. The Company covenants and agrees that none of the shares which may be issued upon the exercise of this Warrant will, upon issuance, be in violation of or subject to any preemptive rights of any person. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

6. Adjustment of Purchase Price and Number of Shares. The number and kind of securities purchasable upon the exercise of the Warrants and the Warrant Price shall be subject to adjustment from time to time upon the happening of certain events as follows:

(a) Reclassification, Consolidation or Merger. At any time while the Warrants remain outstanding and unexpired, in case of any reclassification or change of outstanding securities issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or from no par value to par value or as a result of a subdivision or combination of outstanding securities issuable upon the exercise of the Warrants) or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is a continuing corporation and which does not result in any reclassification or change of rights of outstanding securities issuable upon exercise of the Warrants, other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of outstanding securities issuable upon exercise of the Warrants), the Company, or such successor corporation, as the case may be, shall, without payment of any additional consideration therefor, execute new Warrants providing that the holders of the Warrants shall have the right to exercise such new Warrants (upon terms not less favorable to the holders than those then applicable to the Warrants) and to receive upon such exercise, in lieu of each share of Common Stock or other security theretofore issuable upon exercise of the Warrants, the kind and amount of shares of stock, other securities, money or property receivable upon such reclassification, change, consolidation or merger by the holder of one share of Common Stock or other security issuable upon exercise of the Warrants had the Warrants been exercised immediately prior to such reclassification, change, consolidation or merger. Such new Warrants shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6. The provisions of this subsection 6(a) shall similarly apply to successive reclassifications, changes, consolidations and mergers.

(b) Subdivision or Combination of Shares. If the Company at any time while the Warrants remain outstanding and unexpired shall subdivide or combine its Common Stock, (i) the Warrant Price shall be proportionately reduced, and the number of shares of Common Stock for which this Warrant may be exercised shall be proportionately increased, in case of subdivision of such shares, as of the effective date of such subdivision, or, if the Company shall take a record of holders of its Common Stock for the purpose of so subdividing, as of such record date, whichever is earlier, or (ii) the Warrant Price shall be proportionately increased, and the number of shares of Common Stock for which this Warrant may be exercised shall be proportionately reduced, in the case of combination of such shares, as of the effective date of such combination, or, if the Company shall take a record of holders of its Common Stock for the purpose of so combining, as of such record date, whichever is earlier.

(c) Stock Dividends. If the Company at any time while the Warrants remain outstanding and unexpired shall pay a dividend in shares of its Common Stock, or make other distribution to the holders of Common Stock or of options, warrants or rights to subscribe for or purchase shares of Common Stock or of evidences of indebtedness issued by the Company or any other person, then the Warrant Price shall be adjusted, as of the date the Company shall take a record of the holders of its Common Stock for the purpose of receiving such dividend or

other distribution (or if no such record is taken, as at the date of such payment or other distribution), to that price determined by multiplying the Warrant Price in effect immediately prior to such payment or other distribution by a fraction (i) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution (the "Fraction"), and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted by multiplying such number by the reciprocal of the Fraction. The number of shares of Common Stock at any time outstanding shall not include any shares thereof then directly or indirectly owned or held by or for the account of the Company or any wholly-owned subsidiary. The provisions of this subsection 6(c) shall not apply under any of the circumstances for which an adjustment is provided in subsections 6(a) or 6(b).

(d) Liquidating Dividends, Etc. If the Company at any time while the Warrants remain outstanding and unexpired makes a distribution of its assets to the holders of its Common Stock as a dividend in liquidation or by way of return of capital or other than as a dividend payable out of earnings or surplus legally available for dividends under applicable law or any distribution to such holders made in respect of the sale of all or substantially all of the Company's assets (other than under the circumstances provided for in the foregoing subsections 6(a) through 6(c)), the Warrant Holder shall be entitled to receive upon the exercise hereof, in addition to the shares of Common Stock receivable upon such exercise, and without payment of any consideration other than the Warrant Price, an amount of such assets so distributed equal to the value of such distribution per share of Common Stock multiplied by the number of shares of Common Stock which, on the record date for such distribution, are issuable upon exercise of this Warrant (with no further adjustment being made following any event which causes a subsequent adjustment in the number of shares of Common Stock issuable upon the exercise hereof), and an appropriate provision therefor shall be made a part of any such distribution. The value of a distribution which is paid in other than cash shall be determined by an independent appraiser designated by the Board of Directors of the Company.

(e) Notice of Adjustments. Whenever the Warrant Price or the number of shares of Common Stock purchasable under the terms of this Warrant at the Warrant Price shall be adjusted pursuant to this Section 6, the Company shall promptly prepare a certificate signed by its President or a Vice President and by its Treasurer or Assistant Treasurer or its Secretary or Assistant Secretary, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Company's Board of Directors made any determination hereunder), and the Warrant Price and number of shares of Common Stock purchasable at that Warrant Price after giving effect to such adjustment, and shall promptly cause copies of such certificate to be mailed (by first class and postage prepaid) to the registered holder of this Warrant.

7. Fractional Shares. No fractional shares of the Company's Common Stock will be issued in connection with any purchase hereunder but in lieu of such fractional shares, the Company shall make a cash refund therefor equal in amount to the product of the applicable

fraction multiplied by the Warrant Price paid by the holder for its Warrant Shares upon such exercise.

8. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence reasonably satisfactory to it that any Warrant has been mutilated, destroyed, lost or stolen, and in the case of any destroyed, lost or stolen Warrant, a bond of indemnity reasonably satisfactory to the Company, or in the case of a mutilated Warrant, upon surrender and cancellation thereof, the Company will execute and deliver in the Warrant Holder's name, in exchange and substitution for the Warrant so mutilated, destroyed, lost or stolen, a new Warrant of like tenor substantially in the form thereof with appropriate insertions and variations.

9. Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first class mail, return receipt requested, telecopier, courier service, overnight mail or personal delivery:

(i) if to the Warrant Holder:

Soros Fund Management LLC
888 Seventh Avenue
New York, New York 10016
Telecopy: (212) 664-0544
Attn: Michael Neus, Esq.

and a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attn: Matthew Nimetz, Esq.

(ii) if to the Company:

Integra LifeSciences Corporation
105 Morgan Lane
Plainsboro, New Jersey 08536
Telecopy: (609) 799-3297
Attn: Stuart M. Essig,
President and CEO

with a copy to:

Drinker Biddle & Reath LLP
105 College Road East
Princeton, New Jersey 08542
Telecopy: (609) 799-7000
Attn: John E. Stoddard III, Esq.

All such notices and communications shall be deemed to have been duly given when hand delivered by hand, if personally delivered; when delivered by courier or overnight mail, if delivered by commercial courier service or overnight mail; five (5) business days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied. Any party may by notice given in accordance with this Section 9 designate another address or person for receipt of notices hereunder.

10. Headings. The descriptive headings of the several sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

11. Payment of Taxes. The issuance of certificates for Warrant Shares shall be made without charge to the Warrant Holder for any stock transfer or other issuance tax in respect thereto; provided, however, that the Warrant Holder shall be required to pay any and all taxes that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Warrant Holder as upon the books of the Company.

12. Binding Effect; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrant Holder and their respective successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any person other than the Company and the Warrant Holder, or their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

13. Severability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

14. Governing Law. THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF.

15. No Rights or Liabilities as Stockholders. Nothing contained in this Warrant shall be determined as conferring upon the Warrant Holder any rights as a stockholder of the Company or as imposing any liabilities on the Warrant Holder to purchase any securities, whether such liabilities are asserted by the Company or by creditors or stockholders of the Company or otherwise.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer on the date of this Warrant.

INTEGRA LIFESCIENCES CORPORATION

By: /s/Stuart M. Essig

Stuart M. Essig, President

Exhibit A

PURCHASE AGREEMENT

Date: _____

TO:

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby agrees to purchase _____ shares of Common Stock covered by such Warrant, and makes payment herewith in full therefor at the price per share provided by this Warrant.

Signature: _____

Address: _____

_____

_____

* * *

ASSIGNMENT

For Value Received, _____ hereby sells, assigns and transfers all of the rights of the undersigned under the within Warrant, with respect to the number of shares of Common Stock covered by such Warrant, to:

NAME OF ASSIGNEE	ADDRESS	NO. OF SHARES

Dated: _____ Signature: _____

Witness: _____

Exhibit 10.1

SERIES B CONVERTIBLE PREFERRED STOCK AND WARRANT PURCHASE AGREEMENT

THIS SERIES B CONVERTIBLE PREFERRED STOCK AND WARRANT PURCHASE AGREEMENT (this "Agreement") is made as of March 29, 1999 by and among Integra LifeSciences Corporation, a Delaware corporation ("Integra"), and the several purchasers listed on Schedule 1 hereto (the "Purchasers").

WHEREAS, Integra has agreed to issue and sell to each of the Purchasers, and each of the Purchasers has agreed to purchase from Integra, for the aggregate purchase price set forth opposite such Purchaser's name on Schedule 1 hereto, (i) the aggregate number of shares of Series B Convertible Preferred Stock, par value $.01 per share, of Integra (the "Series B Preferred Stock") set forth opposite such Purchaser's name on Schedule 1 hereto, and (ii) the warrant (the "Warrant") to purchase, subject to the terms and conditions thereof, the aggregate number of shares of Common Stock, par value $.01 per share, of Integra (the "Common Stock") set forth opposite such Purchaser's name on Schedule 1 hereto, at an exercise price of $3.82 per share, containing terms and conditions set forth in the form of warrant attached hereto as Exhibit A.

NOW, THEREFORE, in consideration of the mutual terms and conditions herein contained, and for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

DEFINITIONS

For all purposes of this Agreement, unless otherwise expressly provided, (a) the terms defined in this Definitions section have the meanings assigned to them herein and include the plural as well as the singular, (b) all accounting terms not otherwise defined herein have the meanings assigned under generally accepted accounting principles in the United States, (c) all references in this Agreement to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (d) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, and (e) the words "herein", "hereof" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

As used in this Agreement, the following definitions shall apply:

"Additional Preferred Stock" shall mean the convertible preferred stock issued pursuant to Section 1.3 having substantially identical terms as the Series B Preferred Stock.

"Action" means any action, complaint, petition, investigation, suit or other proceeding, whether civil or criminal, in law or in equity, or before any arbitrator or Governmental Entity.

"Affiliate" shall mean any Person who is an "affiliate" (as defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act) of, and any Person controlling, controlled by, or under common control with, any Purchaser. For the purposes of this Agreement, "control" includes the ability to have investment discretion through contractual means or by operation of law.

"Agreement" means this Agreement as the same may be amended, supplemented or modified in accordance with the terms hereof.

"Audited Financial Statements" has the meaning set forth in Section 7.2 of this Agreement.

"Board of Directors" means the Board of Directors of Integra.

"Business" means the business of Integra and shall be deemed to include any of the following incidents of such business: income, operations, condition (financial or other), assets, properties and liabilities.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law or executive order to close.

"By-laws" means the amended and restated by-laws of Integra, as the same may have been amended and as in effect on the Closing Date.

"CEO Certificate" has the meaning set forth in Section 1.3 of this Agreement.

"Certificate of Designation" means the Certificate of Designation with respect to the Series B Preferred Stock adopted by the Board of Directors and filed with the Secretary of State of the State of Delaware on or before the Closing Date substantially in the form attached hereto as Exhibit B.

"Certificate of Incorporation" means the Amended and Restated Certificate of Incorporation of Integra, as the same has been amended and as in effect on the Closing Date.

"Closing" has the meaning set forth in Section 1.4 of this Agreement.

"Closing Date" means the date specified in Section 1.4 of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"Commission" means the Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Common Stock" means the Common Stock, par value $.01 per share, of Integra and any other capital stock of Integra into which such stock is reclassified or reconstituted.

"Condition of Integra" means the assets, business, properties, operations or financial condition of Integra and the Subsidiaries, taken as a whole.

"Contract" means any agreement, arrangement, bond, commitment, franchise, indemnity, indenture, instrument, lease, license or understanding, whether or not in writing.

"Contractual Obligations" means as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound.

"Conversion Price" has the meaning set forth in Section 1.3 of this Agreement.

"Encumbrance" means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by agreement, understanding, law, equity or otherwise, except for any restrictions on transfer generally arising under any applicable United States federal or state securities law.

"Environmental Laws" means federal, state and local laws, principles of common law, regulations and codes, as well as orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder relating to pollution, protection of the environment or public health and safety.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended (or any successor statute thereto).

"Exchange Act" means the Securities Exchange Act of 1934, as amended (or any successor statute thereto), and the rules and regulations of the Commission promulgated thereunder.

"Financial Statements" has the meaning set forth in Section 2.10 of this Agreement.

"GAAP" means generally accepted United States accounting principles in effect from time to time.

"Governmental Authority" means the government of any state, city, locality or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or

other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Governmental Entity" means any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government of or within the United States, whether federal, state or local.

"Initial Term" has the meaning set forth in Section 1.3 of this Agreement.

"Law" means any constitutional provision, statute or other law, rule, regulation, or interpretation of any Governmental Entity and any Order.

"Liabilities" has the meaning set forth in Section 2.20 of this Agreement.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other) or preference, priority, right or other security interest or preferential arrangement of any kind or nature whatsoever (excluding preferred stock and equity related preferences) including, without limitation, those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease Obligation, or any financing lease having substantially the same economic effect as any of the foregoing.

"Loss" means any action, cost, damage, disbursement, expense, liability, loss, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature, whether foreseeable or unforeseeable, including but not limited to, interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by the specified Person.

"NASDAQ" means the NASDAQ National Market of the National Association of Securities Dealers, Inc. Automated Quotation System.

"NeuroCare Acquisition Agreement" means the Asset Purchase Agreement dated the date hereof between the Company, Integra NeuroCare LLC, a Delaware limited liability company and an indirect wholly-owned subsidiary of the Company ("IN LLC"), Redmond NeuroCare LLC, a Delaware limited liability company and a wholly-owned subsidiary of IN LLC, Heyer-Schulte NeuroCare, L.P., a Delaware limited partnership ("HSN, LP"), and Neuro Navigational, L.L.C., a Delaware limited liability company and a wholly-owned subsidiary of HSN, LP.

"Order" mans any decree, injunction, judgement, order, ruling, assessment or writ of any Governmental Entity.

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company,

Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Purchased Shares" has the meaning set forth in Section 1.1 of this Agreement.

"Purchasers" has the meaning ascribed to such term in the recital to this Agreement.

"Put Right" has the meaning set forth in Section 1.3 of this Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement substantially in the form attached hereto as Exhibit C.

"Requirements of Law" means as to any Person, any law, treaty, rule, regulation, right, privilege, qualification, license or franchise or determination of an arbitrator or a court or other Governmental Authority or a stock exchange, in each case applicable or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

"SEC" means the Securities and Exchange Commission or any successor entity.

"SEC Documents" means all registration statements, proxy statements, reports and other documents required to be filed by Integra under the Securities Act or the Exchange Act, and all amendments and supplements thereto, filed by Integra with the Commission since December 31, 1997.

"Second Term" has the meaning set forth in Section 1.3 to this Agreement.

"Securities" means the Purchased Shares, the shares of Common Stock issuable upon conversion of the Purchased Shares, the Warrants, the Warrant Shares and the Additional Preferred Shares.

"Securities Act" means the Securities Act of 1933, as amended (or any successor statute thereto), and the rules and regulations of the Commission promulgated thereunder.

"Series B Preferred Stock" has the meaning assigned to such term in the recital to this Agreement.

"Subsidiary" means, as of the relevant date of determination, with respect to any Person, a corporation or other entity of which 50% or more of the voting power of the outstanding voting equity securities or 50% or more of the outstanding economic equity interest is held, directly or indirectly, by such Person. Unless otherwise qualified, or the context otherwise requires, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of Integra.

"Transaction Documents" means collectively, this Agreement, the Warrants, the Certificate of Designation and the Registration Rights Agreement.

"Warrant Shares" has the meaning set forth in Section 1.1 of this Agreement.

"Warrants" has the meaning ascribed to such term in the recital to this Agreement.

SECTION I. PURCHASE AND SALE OF SERIES B PREFERRED STOCK AND WARRANTS

1.1 Purchase and Sale of Series B Preferred Stock and Warrants. Subject to the terms and conditions herein set forth, Integra agrees to issue and sell to each of the Purchasers, and each of the Purchasers agrees that it will purchase from Integra, for the aggregate purchase price set forth opposite such Purchaser's name on Schedule 1 hereto, on the Closing Date, (i) the aggregate number of shares of Series B Preferred Stock set forth opposite such Purchaser's name on Schedule 1 hereto (all of the shares of Series B Preferred Stock being purchased pursuant hereto being referred to herein as "Purchased Shares"), and (ii) the Warrant to purchase the aggregate number of shares of Common Stock set forth opposite such Purchaser's name on Schedule 1 hereto (all of the shares of Common Stock issuable upon exercise of the Warrants being purchased pursuant hereto being referred to herein as the "Warrant Shares").

1.2 Certificate of Designation. The Purchased Shares will have the rights, preferences, privileges and restrictions set forth in the Certificate of Designation of Series B Preferred Stock to Integra's Certificate of Incorporation attached hereto as Exhibit A (the "Certificate of Designation"), which shall be filed by Integra with the Secretary of State of the State of Delaware prior to the Closing (as hereinafter defined).

1.3 Additional Preferred Stock.

(a) At any time within 180 days after the Closing Date (the "Initial Term") on 14 days written notice, Integra will have the right (the "Put Right") to require the Purchasers (or certain Affiliates thereof) to purchase up to an additional $2,000,000 of convertible preferred stock having substantially identical terms as the Series B Preferred Stock ("Additional Preferred Stock"), with each Purchaser purchasing that proportion of the Additional Preferred Stock equal to such Purchaser's proportionate initial investment in the Series B Preferred Stock, provided that the conversion price for such Additional Preferred Stock shall be equal to the lesser of (i) the Conversion Price, which initially shall be $3.82 per share of Common Stock, as adjusted and then in effect (the "Conversion Price") or (ii) the average closing price of Integra's Common Stock for the ten (10) trading days ending two days prior to the date of issuance of the Additional Preferred Stock.

(b) If the Initial Term expires without the exercise of the Put Right by Integra, such Put Right will continue for an additional 180 days (the "Second Term"), subject to the receipt by the Purchasers of a certificate from the Chief Executive Officer of Integra (the "CEO Certificate") certifying that the representations and warranties contained in Section III of this Agreement are true and correct in all material respects as of the exercise date of the Put Right as if made on and as of such date and as if all references to Purchased Shares include the Additional Preferred Stock, and that no material adverse change in the Condition of Integra (other than operating losses consistent with the historic results of Integra) has occurred since the Closing Date.

1.4 Closing. Unless this Agreement shall have terminated pursuant to Section VIII and subject to the satisfaction or waiver of the conditions set forth in Sections IV and V (except for Sections 4.10, 4.11 and 5.5, which shall occur simultaneously with the Closing (as hereinafter defined)), the closing of the purchase and issuance of the Purchased Shares and the Warrants (the "Closing") shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, at 10:00 a.m., local time, on March 29, 1999, or at such time and on such date that Integra and the Purchasers may agree in writing (the "Closing Date"). On the Closing Date, Integra shall deliver to the Purchasers (a) stock certificates representing the Purchased Shares and (b) the Warrants, against delivery by the Purchasers to Integra of the aggregate purchase price therefor by wire transfer of immediately available funds.

SECTION II. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Integra represents and warrants to the Purchasers as follows:

2.1 Corporate Existence and Power. Each of Integra and its Subsidiaries (a) is a corporation or limited liability company duly incorporated and organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation; (b) has all requisite corporate (or limited liability company) power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged as described in the SEC Documents; (c) is duly qualified as a foreign corporation or other entity, licensed and in good standing under the laws of each jurisdiction in which its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to do so or be so would not have a material adverse effect on the Condition of Integra; and (d) has the requisite corporate (or limited liability company) power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents.

2.2 Corporate Authorization; No . The execution, delivery and performance by Integra of this Agreement and each of the other Transaction Documents and the transactions contemplated hereby and thereby, including, without limitation, the sale, issuance and delivery of the Securities (a) are within Integra's corporate power and have been duly authorized by all necessary corporate action of Integra; (b) do not contravene the terms of the Certificate of Incorporation or By-laws, or any organizational or governing documents, or any amendment thereof, of the Subsidiaries; (c) do not violate, conflict with or result in any breach or contravention of or the creation of any Lien under, any material Contractual Obligation of Integra or any of its Subsidiaries, or any Requirement of Law applicable to Integra or any of its Subsidiaries; and (d) do not violate any judgment, injunction, writ, award, decree or order of any nature (collectively, "Orders") of any Governmental Authority against, or binding upon, Integra or any of the Subsidiaries except for those Orders the violation of which would not have a material adverse effect on the Condition of Integra. Neither Integra nor any of its Subsidiaries previously entered into any agreement which is currently in effect or by which Integra is currently bound, granting any rights to any Person which are inconsistent with the rights to be granted by Integra in this Agreement and each of the other Transaction Documents.

2.3 Governmental Authorization; Third Party Consents. Other than (a) the filing and approval of an application for the listing on NASDAQ of the shares of Common Stock issuable upon conversion of the Purchased Shares and the exercise of the Warrants, (b) the filing of the Certificate of Designation, (c) those required pursuant to the applicable state securities or "blue sky" laws, with respect to the offer and sale of the Securities and (d) with respect to the performance by Integra of the Registration Rights Agreement, the registration of the Registrable Securities (as defined in the Registration Rights Agreement) covered thereby with the Commission and the registration or qualification of such Registrable Securities and other filings pursuant to applicable state securities or "blue sky" laws, no approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person, including, without limitation, any approval or authorization of Integra's stockholders, any further approval of the Board of Directors or any approval of NASDAQ, and no lapse of a waiting period under a Requirement of Law, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the sale, issuance and delivery of the Securities) by Integra of this Agreement, each of the other Transaction Documents and the transactions contemplated hereby or thereby.

2.4 Binding Effect. This Agreement and each of the other Transaction Documents have been duly executed and delivered by Integra and constitute the legal, valid and binding obligations of Integra, enforceable against Integra in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

2.5 Litigation. Except as set forth in the SEC Documents, the Financial Statements (including the draft notes thereto) or Schedule 2.5, there are no actions, suits, proceedings, claims, complaints, disputes or investigations pending or threatened, at law, in equity, in arbitration or before any Governmental Authority against Integra or any of its Subsidiaries and with respect to which Integra or any of its Subsidiaries is responsible by way of indemnity or otherwise, which would, if adversely determined, (a) have a material adverse effect on the Condition of Integra or (b) have an adverse effect on the ability of Integra to perform its obligations under this Agreement and each of the other Transaction Documents. No Order has been issued by any court or other Governmental Authority against Integra or any of its Subsidiaries purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any of the other Transaction Documents.

2.6 Compliance with Laws.

(a) Each of Integra and its Subsidiaries is in compliance with all Requirements of Law in all respects, except to the extent that the failure to comply with such Requirements of Law would not have a material adverse effect on the Condition of Integra.

(b) (i) Each of Integra and its Subsidiaries has all licenses, permits, orders or approvals of any Governmental Authority (collectively, "Permits") that are material to

or necessary for the conduct of the business of Integra in the manner described in the SEC Documents, except to the extent that the failure to have such Permits would not have a material adverse effect on the Condition of Integra; (ii) such Permits are in full force and effect; and (iii) no violations are or have been recorded in respect of any Permit.

(c) The property, assets and operations at any time owned or leased by Integra have been in compliance in all material respects with all applicable Environmental Laws, while so owned or leased, except to the extent that the failure to comply with such Environmental Laws would not have a material adverse effect on the Condition of Integra.

2.7 Capitalization.

(a) The authorized capital stock of Integra at the close of business on March 22, 1999 consisted of (x) 60,000,000 shares of Common Stock, of which 15,730,933 shares are issued and outstanding and (y) 15,000,000 shares of preferred stock, par value $.01 per share, of which (i) 2,000,000 shares have been designated as Series A Preferred Stock and of which 500,000 shares are issued and outstanding and (ii) 120,000 shares have been designated as Series B Preferred Stock and of which no shares are issued and outstanding. Integra has reserved an aggregate of 2,617,801 shares of Common Stock for issuance upon conversion of the Purchased Shares and 240,000 shares of Common Stock for issuance upon exercise of the Warrants. Except as set forth in Schedule 2.7, there are no options, warrants, conversion privileges or other rights presently outstanding to purchase or otherwise acquire any authorized but unissued or unauthorized shares or treasury shares of Integra's capital stock.

(b) There has been no change in the authorized, issued and outstanding capital stock of Integra in the interval between March 22, 1999 and the Closing Date, except for shares of Common Stock issued upon the exercise of warrants or options, or purchased by Integra pursuant to its current share repurchase program.

(c) The Purchased Shares are duly authorized and, when issued and sold to the Purchasers after payment therefor, will be validly issued, fully paid and nonassessable by Integra. The shares of Common Stock issuable upon conversion of the Purchased Shares and the exercise of the Warrants are duly authorized and, when issued in compliance with the provisions of this Agreement, the Certificate of Incorporation, the Certificate of Designation (in the case of the shares of Common Stock issuable upon conversion of the Purchased Shares) and the Warrants (in the case of the Warrant Shares) will be validly issued, fully paid and nonassessable by Integra. The issued and outstanding shares of Common Stock are all duly authorized, validly issued, fully paid and nonassessable by Integra, and were issued in compliance with the registration and qualification requirements of all applicable federal securities laws.

2.8 No Default or Breach. Except as set forth in Schedule 2.8, neither Integra nor any of its Subsidiaries has received notice of, and is not in, default under or with respect to any,

Contractual Obligation in any respect, which, individually or together with all such defaults, could have a material adverse effect on the Condition of Integra, or which could materially adversely affect the ability of Integra to perform its obligations under this Agreement or any of the other Transaction Documents.

2.9 Taxes. Each of Integra and its Subsidiaries has filed or caused to be filed, or has properly filed extensions for, all tax returns which are required to be filed for federal, state, local and foreign tax purposes and has paid or caused to be paid all taxes required to be paid by it and all assessments received by it to the extent that such taxes have become due, except taxes the validity or amount of which is being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside. Each of Integra and its Subsidiaries has paid or caused to be paid, or has established reserves that are adequate in all material respects, for all tax liabilities applicable to Integra and its Subsidiaries for all fiscal years which have not been examined and reported on by the taxing authorities (or closed by applicable statutes).

2.10 Financial Statements. Integra has heretofore delivered to the Purchasers true and correct copies of its unaudited consolidated financial statements (balance sheet and statements of operations, cash flows and shareholders' equity, together with draft notes thereto) for the fiscal year ended and as at December 31, 1998 (the "Financial Statements"). The Financial Statements comply in all material respects with the requirements of the Exchange Act and have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated and with each other, except as may be indicated therein or in the draft notes thereto. The Financial Statements fairly present the consolidated financial condition, operating results and cash flows of Integra as of the respective dates and for the respective periods indicated in accordance with GAAP.

2.11 No Material Adverse Change; Ordinary Course of Business. Except as set forth in Schedule 2.11 hereto or the SEC Documents or as previously disclosed to the Purchasers in writing, (i) since December 31, 1998, there has not been any material adverse change in the Condition of Integra (other than the incurrence of operating losses consistent with historic results of Integra) and (ii) since December 31, 1998, neither Integra nor any of its Subsidiaries has participated in any transaction or acted outside the ordinary course of business.

2.12 SEC Documents.

(a) Integra has filed all SEC Documents required to be filed by it since December 31, 1997 under the Securities Act or the Exchange Act, and all amendments thereto.

(b) As of its filing date, each SEC Document (including all exhibits and schedules thereto and documents incorporated by reference therein), in each case as amended, referred to in subsection (a) above (i) complied in all material respects with the applicable requirements of the Exchange Act and (ii) did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. Integra is not

aware of any issues raised by, or correspondence (other than routine filing packages and cover letters) with, the Commission with respect to any of the SEC Documents.

2.13 Investment Company. Integra is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

2.14 Private Offering. No form of general solicitation or general advertising was used by Integra or its representatives in connection with the offer or sale of the Purchased Shares or the Warrants. No registration of the Purchased Shares or the Warrants, pursuant to the provisions of the Securities Act or any state securities or "blue sky" laws, is required on the date hereof or on the Closing Date by the offer, sale or issuance of the Securities. Integra hereby agrees that neither it nor anyone acting on its behalf, will offer to sell the Purchased Shares or the Warrants or any other security so as to require the registration of the Purchased Shares or the Warrants, pursuant to the provisions of the Securities Act or any state securities or "blue sky" laws, unless such securities are so registered.

2.15 Employee Benefit Plans. All employee benefit plans (as defined in Section 3(3) of ERISA) or arrangements of Integra or any of the Subsidiaries are in substantial compliance with all applicable Requirements of Law. The execution and delivery of this Agreement and each of the other Transaction Documents, the purchase and sale of the Purchased Shares hereunder and the consummation of the transactions contemplated hereby and thereby will not result in any prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code, assuming that none of the consideration received by Integra pursuant to this Agreement is derived from the assets of any employee benefit plan.

2.16 Title to Assets. Except as set forth in Schedule 2.16, each of Integra and its Subsidiaries has good title to all of its properties and assets used in the business described in the SEC Documents and reflected as owned on the Financial Statements or so described in any Schedule hereto, in each case free and clear of any Lien, except for (a) Liens specifically described on the notes to the Financial Statements and (b) Liens not material to the Condition of Integra.

2.17 Intellectual Property.

(a) Schedule 2.17(a) sets forth all United States and foreign patents and patent applications, trademark and service mark registrations and applications, and copyright registrations and applications owned or licensed by Integra and all material licenses, sublicenses, and other agreements or permissions ("IP Licenses") under which Integra is a licensor or licensee or otherwise is authorized to use or practice any Intellectual Property (as defined below).

(b) Except as set forth in Schedule 2.17(b), Integra owns or otherwise has the right to use, and will continue to own or otherwise have the right to use immediately following the Closing, free and clear of any and all Encumbrances, all United States and foreign patents and patent applications, trademark and service mark registrations and applications,

copyright registrations and applications, trade secrets, know-how, software, and other technology and proprietary rights (collectively, "Intellectual Property") used in the operation of its business as described in the SEC Documents.

(c) Except as set forth on Schedule 2.17(c), to the best of Integra's knowledge, Integra's use or licensing of the Intellectual Property used in the operation of its business as described in the SEC Documents does not infringe or otherwise violate any Intellectual Property rights of any third party. Except as set forth on Schedule 2.17(c), no litigation is pending and no claim has been made in writing against Integra or, to the best of Integra's knowledge, is threatened contesting the right of Integra to sell or license to third parties or use the Intellectual Property presently sold or licensed to third parties or used by Integra.

(d) Integra has taken all reasonable precautions to protect the secrecy, confidentiality, and value of its trade secrets and the proprietary nature and value of its know-how, patents, and other technology. Each employee and third party who has contributed to the development of Intellectual Property on behalf of Integra has signed an agreement with Integra stating that such employee or third party (i) shall maintain the confidentiality of Integra's trade secrets and other confidential information, and (ii) assigns to Integra all rights that such employee or third party might have in such Intellectual Property, except where the terms of particular agreements provide otherwise. To the knowledge of Integra, no such employee or third party has materially breached any such agreement.

2.18 Trade Relations. Except as set forth in Schedule 2.18, there exists no actual or threatened termination, cancellation or limitation of, or any adverse modification or change in, the business relationship of Integra or any of its Subsidiaries with, any customer or any group of customers whose purchases are individually or in the aggregate material to the business of Integra or any of its Subsidiaries, or with any material supplier, and there exists no present condition or state of fact or circumstances that would materially adversely affect the Condition of Integra or prevent Integra from conducting its business after the consummation of the transactions contemplated by this Agreement and each of the other Transaction Documents, in substantially the same manner in which such business has heretofore been conducted and described in the SEC Documents.

2.19 Contracts and Other Agreements. All of the Contractual Obligations of Integra and any of its Subsidiaries that are currently in effect and are required to be described in the SEC Documents or to be filed as exhibits thereto are (a) described in the SEC Documents or filed as exhibits thereto and (b) valid, subsisting, in full force and effect and binding upon Integra or its Subsidiaries, as the case may be, and, to the knowledge of Integra, the other parties thereto, in accordance with their terms. Except as set forth on Schedule 2.19, Integra has paid in full or accrued all material amounts currently due thereunder and has satisfied in full or provided for all of its currently matured liabilities and obligations thereunder, and is not in default under any of them. Except as set forth on Schedule 2.19, to the knowledge of Integra, no other party to any such Contractual Obligation is in breach thereof or in default thereunder nor does any condition

exist that with notice or lapse of time or both will constitute a breach thereof or default thereunder by such other party, except for such breaches or defaults that would not have a material adverse effect on the Condition of Integra.

2.20 Liabilities. As at December 31, 1998, neither Integra nor any of its Subsidiaries had any direct or indirect obligation or liability required by GAAP to be set forth on its financial statements or the footnotes thereto (the "Liabilities") that were not fully and adequately reflected or reserved against in the Financial Statements.

2.21 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable by Integra in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with Integra or any of its Subsidiaries or any action taken by any such entity.

2.22 Disclosure; Agreement and Other Documents. This Agreement, each of the other Transaction Documents and each of the certificates furnished to the Purchasers by Integra in connection with the purchase and sale of the Purchased Shares and the Warrants at or prior to the Closing, taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

2.23 NeuroCare Acquisition Agreement. Integra has delivered to the Purchasers a true and complete copy of the NeuroCare Acquisition Agreement, and all of the representations and warranties of Integra as set forth therein shall be true and complete in all material respects as of the date hereof and as at the Closing Date.

SECTION III. REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each of the Purchasers hereby represents and warrants (severally as to itself and not jointly) to Integra as follows:

3.1 Existence and Power. Such Purchaser that is an entity (a) is duly organized and validly existing under the laws of the jurisdiction of its formation and (b) has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party.

3.2 Authorization; No Contravention. The execution, delivery and performance by such Purchaser of this Agreement and each of the other Transaction Documents to which it is a party and the transactions contemplated hereby and thereby, including, without limitation, the purchase of the Purchased Shares and the Warrants, (a) have been duly authorized by all necessary action, (b) do not contravene the terms of such Purchaser's organizational documents, or any amendment thereof, and (c) do not violate, conflict with or result in any breach or contravention of or the creation of any Lien under, any Contractual Obligation of such Purchaser, or any Requirement of Law applicable to such Purchaser.

3.3 Governmental Authorization; Third Party Consents. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under a Requirement of Law, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the purchase of the Purchased Shares and the Warrants) by, or enforcement against, such Purchaser of this Agreement, each of the other Transaction Documents to which it is a party and the transactions contemplated hereby or thereby.

3.4 Binding Effect. This Agreement and each of the other Transaction Documents to which it is a party have been duly executed and delivered by such Purchaser and constitute the legal, valid and binding obligations of such Purchaser, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

3.5 Purchase for Own Account. The Purchased Shares and the Warrants to be acquired by such Purchaser pursuant to this Agreement are being or will be acquired for its own account and with no intention of distributing or reselling such Purchased Shares or any part thereof in any transaction that would be in violation of the securities laws of the United States of America, or any state, without prejudice, however, to the rights of such Purchaser at all times to sell or otherwise dispose of all or any part of such Purchased Shares or Warrants under an effective registration statement under the Securities Act, or under an exemption from such registration available under the Securities Act, and subject, nevertheless, to the disposition of such Purchaser's property being at all times within its control. If such Purchaser should in the future decide to dispose of any of the Securities, such Purchaser understands and agrees that it may do so only in compliance with the Securities Act and applicable state securities laws, as then in effect. Such Purchaser agrees to the imprinting, so long as required by law, of a legend on certificates representing the Securities substantially to the following effect:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT."

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT AMONG INTEGRA LIFESCIENCES CORPORATION AND THE ORIGINAL PURCHASERS OF THE PREFERRED STOCK REPRESENTED HEREBY. TRANSFEREES OF SUCH SECURITIES SHOULD REVIEW SUCH AGREEMENT TO DETERMINE THEIR RIGHTS."

3.6 Accreditation; Sophistication; Other Securities Laws Matters. Each Purchaser (a) is an "accredited investor" within the meaning of Rule 501 under the Securities Act; (b) has

sufficient knowledge and experience in investing in companies similar to Integra so as to be able to evaluate the risks and merits of its investment in Integra and is able financially to bear the risks thereof; (c) has had an opportunity to discuss Integra's business, management and financial affairs with Integra's management; and (d) is a resident of the jurisdiction listed next to its name on Schedule 1 hereto for purposes of state "blue sky" securities law purposes.

3.7 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable by the Purchasers or any of them, in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with such Purchaser or any action taken by such Purchaser.

SECTION IV. CONDITIONS TO THE OBLIGATION OF THE PURCHASERS TO CLOSE

The obligation of the Purchasers to purchase the Purchased Shares and the Warrants, to pay the purchase price therefor at the Closing and to perform any obligations hereunder shall be subject to the satisfaction as determined by, or waiver by, the Purchasers of the following conditions on or before the Closing Date.

4.1 Representations and Warranties. The representations and warranties of Integra contained in Section II hereof shall be true and correct in all material respects at and on the Closing Date as if made at and on such date, except to the extent that any representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty is true and correct as of such date and except for any activities or transactions which may have taken place after the date hereof which are contemplated by this Agreement.

4.2 Compliance with this Agreement. Integra shall have performed and complied in all material respects with all of its agreements and conditions set forth herein that are required to be performed or complied with by Integra on or before the Closing Date.

4.3 Secretary's Certificate. The Purchasers shall have received a certificate from Integra, in form and substance satisfactory to the Purchasers, dated the Closing Date and signed by a secretary or an assistant secretary of Integra, certifying (a) that the attached copies of the Certificate of Incorporation, the By-laws and resolutions of the Board of Directors of Integra approving this Agreement, each of the other Transaction Documents and the transactions contemplated hereby and thereby, are all true, complete and correct and remain unamended and in full force and effect, and (b) as to the incumbency and specimen signature of each officer of Integra executing this Agreement, each of the other Transaction Documents and any other document delivered in connection herewith on behalf of Integra.

4.4 Officers' Certificate. The Purchasers shall have received a certificate from Integra, in form and substance satisfactory to the Purchasers, dated the Closing Date and signed by Integra's chief executive officer and its treasurer, certifying that (a) the representations and warranties of Integra contained in Section II hereof are true and correct in all material respects on the Closing Date and (b) Integra has performed and complied with in all material respects all of

the agreements and conditions set forth or contemplated herein that are required to be performed or complied with by Integra on or before the Closing Date.

4.5 Documents. The Purchasers shall have received true, complete and correct copies of such documents as they may reasonably request in connection with or relating to the issue and sale of the Purchased Shares and the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Purchasers.

4.6 Filing of Certificate of Designation. The Certificate of Designation shall have been duly filed by Integra with the Secretary of State of the State of Delaware in accordance with the General Corporation Law of the State of Delaware.

4.7 Registration Rights Agreement. Integra shall have duly executed and delivered the Registration Rights Agreement, substantially in the form attached hereto as Exhibit C.

4.8 Opinion of Counsel. The Purchasers shall have received an opinion of counsel to Integra, dated the Closing Date, relating to the transactions contemplated hereby or referred to herein, substantially in the form attached hereto as Exhibit D.

4.9 Approval of Counsel to the Purchasers. All actions and proceedings hereunder and all documents required to be delivered by Integra hereunder or in connection with the consummation of the transactions contemplated hereby, and all other related matters, shall have been acceptable to Paul, Weiss, Rifkind, Wharton & Garrison, counsel to the Purchasers, in their reasonable judgment as to their form and substance.

4.10 Purchased Shares. Integra shall have delivered to each of the Purchasers stock certificates in definitive form representing the number of Purchased Shares set forth opposite such Purchaser's name on Schedule 1 hereto and registered in the name of such Purchaser.

4.11 Warrants. Integra shall have duly executed and delivered to the Purchasers the Warrants, each substantially in the form attached hereto as Exhibit A.

4.12 Consents and Approvals. All consents, exemptions, authorizations, or other actions by, or notices to, or filings with (other than the filings referenced in Section 2.3(a) and (d) hereof), Governmental Authorities and other Persons in respect of all Requirements of Law and with respect to those Contractual Obligations of Integra which are necessary or required in connection with the execution, delivery or performance (including, without limitation, the issuance of the Purchased Shares, the Warrants, shares of Common Stock issuable upon conversion of the Purchased Shares and the exercise of the Warrants) by, or enforcement against, Integra of this Agreement and each of the other Transaction Documents shall have been obtained and be in full force and effect, and each of the Purchasers shall have been furnished with appropriate evidence thereof.

4.13 No Litigation. No action, suit, proceeding, claim or dispute shall have been brought or otherwise arisen at law, in equity, in arbitration or before any Governmental Authority against Integra or any of its Subsidiaries which would, if adversely determined, (a) have a

material adverse effect on the Condition of Integra or (b) have a material adverse effect on the ability of Integra to perform its obligations under this Agreement or any of the other Transaction Documents.

4.14 No Material Judgment or Order. There shall not be on the Closing Date any Order of a court of competent jurisdiction or any ruling of any Governmental Authority or any condition imposed under any Requirement of Law which would, in the judgment of the Purchasers, (a) prohibit or restrict (i) the purchase of the Purchased Shares or (ii) the consummation of the transactions contemplated by this Agreement, (b) subject the Purchasers to any penalty or other onerous condition under or pursuant to any Requirement of Law if the Purchased Shares were to be purchased hereunder or (c) restrict the operation of the business of Integra or any of the Subsidiaries as conducted on the date hereof in a manner that would have a material adverse effect on the Condition of Integra.

4.15 No Material Adverse Change. Since the date hereof, there shall have been no material adverse change in the Condition of Integra (other than operating losses consistent with the historic results of Integra).

4.16 Neurocare Acquisition. All conditions precedent to the consummation of the Neurocare Acquisition Agreement shall have been satisfied in all material respects (and not waived, except for any waiver which would not be adverse to the Purchasers in any material respect).

SECTION V. CONDITIONS TO THE OBLIGATION OF THE COMPANY TO CLOSE

The obligations of Integra to issue and sell the Purchased Shares and to perform its other obligations hereunder, shall be subject to the satisfaction as determined by, or waiver by, Integra of the following conditions on or before the Closing Date:

5.1 Representations and Warranties. The representations and warranties of the Purchasers contained in Section III hereof shall be true and correct on at and on the Closing Date as if made at and on such date, except to the extent that any representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty is true and correct as of such date and except for any activities or transactions which may have taken place after the date hereof which are contemplated by this Agreement.

5.2 Compliance with this Agreement. The Purchasers shall have performed and complied in all material respects with all of their agreements and conditions set forth herein that are required to be performed or complied with by the Purchasers on or before the Closing Date.

5.3 Registration Rights Agreement. The Purchasers shall have duly executed and delivered the Registration Rights Agreement, substantially in the form attached hereto as Exhibit C.

5.4 Consents and Approvals. All consents, exemptions, authorizations, or other actions by, or notices to, or filings with, Governmental Authorities and other Persons in respect of all Requirements of Law and with respect to those Contractual Obligations of the Purchasers which are necessary or required in connection with the execution, delivery or performance (including, without limitation, the purchase of the Purchased Shares, the Warrants, and the shares of Common Stock issuable upon conversion of the Purchased Shares and the exercise of the Warrants) by, or enforcement against, the Purchasers of this Agreement shall have been obtained and be in full force and effect, and Integra shall have been furnished with appropriate evidence thereof.

5.5 Payment of Purchase Price. Integra shall have received the aggregate purchase price for the Purchased Shares and the Warrants.

5.6 No Material Judgment or Order. There shall not be on the Closing Date any Order of a court of competent jurisdiction or any ruling of any Governmental Authority or any condition imposed under any Requirement of Law which would, in the judgment of Integra, (a) prohibit or restrict (i) the sale of the Purchased Shares or the Warrants or (ii) the consummation of the transactions contemplated by this Agreement or (b) subject Integra to any penalty or other onerous condition under or pursuant to any Requirement of Law if the Purchased Shares were to be sold hereunder.

5.7 Opinion of Counsel. Integra will have received the opinion of Paul, Weiss, Wharton & Garrison, dated the Closing Date, relating to the transactions contemplated hereby or referred to herein, substantially in the form attached hereto as Exhibit E.

SECTION VI. INDEMNIFICATION

6.1 Indemnification. Except as otherwise provided in this Section VI, Integra agrees to indemnify, defend and hold harmless each of the Purchasers and their Affiliates and their respective officers, directors, agents, employees, subsidiaries, members, partners and controlling persons (each, an "Indemnified Party") to the fullest extent permitted by law from and against any and all Losses (as hereinafter defined) resulting from, arising out of or relating to any breach of any representation, warranty, covenant or agreement by Integra in this Agreement or the other Transaction Documents, including, without limitation, Losses arising out of or relating to any legal, administrative or other actions (including actions brought by the Purchasers or Integra or any equity holders of Integra or derivative actions brought by any Person claiming through or in Integra's name), proceedings or investigations (whether formal or informal), or written threats thereof, based upon, relating to or arising out of this Agreement, each of the other Transaction Documents, the transactions contemplated hereby and thereby, or any Indemnified Party's role therein or in transactions contemplated hereby or thereby; provided, however, that the Integra shall not be liable under this Section 6.1 to an Indemnified Party to the extent that it is finally judicially determined that such Losses resulted primarily from the material breach by such Indemnified Party of any representation, warranty, covenant or other agreement of such Indemnified Party contained in this Agreement; and provided, further, that if and to the extent that such indemnification is unenforceable for any reason, then Integra shall make the maximum

contribution to the payment and satisfaction of such Losses which shall be permissible under applicable laws. Losses means all losses, claims (including any claim by a third party), damages, expenses (including reasonable fees, disbursements and other charges of counsel incurred by the Indemnified Party in any action between Integra and the Indemnified Party or between the Indemnified Party and any third party or otherwise) or other liabilities; provided, however, that Losses shall include only (a) direct out-of-pocket payments of judgments and settlements, costs and expenses of the Indemnified Parties and (b) diminution in value of the Purchased Shares directly attributable to a breach of any representation, warranty, covenant or agreement by Integra in this Agreement or the other Transaction Documents.

6.2 Notification. Each Indemnified Party under this Section VI will, promptly after the receipt of notice of the commencement of any action, investigation, claim or other proceeding against such Indemnified Party in respect of which indemnity may be sought from Integra under this Section VI, notify Integra in writing of the commencement thereof. The omission of any Indemnified Party to so notify Integra of any such action shall not relieve Integra from any liability which Integra may have to such Indemnified Party (a) other than pursuant to this Section VI or (b) under this Section VI unless, and only to the extent that, such omission results in Integra's forfeiture of substantive rights or defenses. In case any such action, claim or other proceeding shall be brought against any Indemnified Party and it shall notify Integra of the commencement thereof, Integra shall be entitled to assume the defense thereof at its own expense, with counsel satisfactory to such Indemnified Party in its reasonable judgment; provided, however, that any Indemnified Party may, at its own expense, retain separate counsel to participate in such defense at its own expense. Notwithstanding the foregoing, in any action, claim or proceeding in which both Integra, on the one hand, and an Indemnified Party, on the other hand, are, or are reasonably likely to become, a party, such Indemnified Party shall have the right to employ separate counsel at the expense of Integra and to control its own defense of such action, claim or proceeding if, in the reasonable opinion of counsel to such Indemnified Party, a conflict or potential conflict exists between Integra, on the one hand, and such Indemnified Party, on the other hand, that would make such separate representation advisable; provided, however, that Integra shall not be liable for the fees and expenses of more than one counsel to all Indemnified Parties. Integra agrees that it will not, without the prior written consent of the Purchasers, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated hereby (if any Indemnified Party is a party thereto or has been actually threatened to be made a party thereto) unless such settlement, compromise or consent includes an unconditional release of the Purchasers and each other Indemnified Party from all liability arising or that may arise out of such claim, action or proceeding and imposes no obligations upon such Indemnified Party. Integra shall not be liable for any settlement of any claim, action or proceeding effected against an Indemnified Party without its written consent, which consent shall not be unreasonably withheld. The rights accorded to each Indemnified Party hereunder shall be the sole rights that such Indemnified Party may have at common law, by separate agreement or otherwise; provided, however, that notwithstanding the foregoing or anything to the contrary contained in this Agreement, nothing in this Section VI shall restrict or limit any rights that any Indemnified Party may have to seek equitable relief.

6.3 Registration Rights Agreement. Notwithstanding anything to the contrary contained in this Section VI, the indemnification and contribution provisions of the Registration Rights Agreement shall govern any claim made with respect to registration statements filed pursuant thereto or sales made thereunder.

SECTION VII. AFFIRMATIVE COVENANTS

Integra hereby covenants and agrees with the Purchasers with respect to this Section VII so long as any shares of Preferred Stock, shares of Common Stock issuable upon the conversion thereof, the Warrants or the Warrant Shares are outstanding, except to the extent that a particular section of this Section VII provides for an earlier termination as follows:

7.1 Preservation of Existence. From the date hereof until the Closing Date, Integra shall, and shall use its best efforts to cause its Subsidiaries to:

(a) preserve and maintain in full force and effect its existence and good standing under the laws of its jurisdiction of formation or organization;

(b) take all reasonable action to preserve and maintain in full force and effect all material rights, privileges, qualifications, applications, estimates, licenses and franchises necessary in the normal conduct of its business;

(c) use its reasonable efforts to preserve its business organization;

(d) conduct its business in accordance with sound business practices and keep its useful and necessary properties in good working order and condition (normal wear and tear excepted);

(e) comply with all Requirements of Law and with the directions of any Governmental Authority having jurisdiction over Integra or any of the Subsidiaries or their respective business or property except to the extent that the failure to comply with any Requirements of Law would not have a material adverse effect on the Condition of Integra; and

(f) file or cause to be filed in a timely manner all reports, applications, estimates and licenses that shall be required by a Governmental Authority and that, if not timely filed, would have a material adverse effect on the Condition of Integra.

7.2 Delivery of 1998 Audited Financial Statements.

(a) Integra shall deliver to the Purchasers as soon as available a true and correct copy of its audited consolidated financial statements (balance sheet and statement of

operations, cash flows and shareholders equity, together with the notes thereto) for the fiscal year ended and as at December 31, 1998 (the "Audited Financial Statements") which will be the same in all material respect as the Financial Statements.

(b) In the event the Audited Financial Statements differ in any material respect from the Financial Statements, Integra shall indemnify the Purchasers for the reduction in the value of the Series B Preferred Stock, if any, caused by such differences by paying to the Purchasers an amount in cash or shares of Common Stock equal to such reduction in value.

7.3 Financial Statements and Other Information. Integra shall deliver to the Purchasers, in form and substance satisfactory to the Purchasers:

(a) as soon as available, but not later than ninety (90) days after the end of each fiscal year of Integra, a copy of the audited consolidated balance sheet of Integra and its Subsidiaries as of the end of such year and the related statements of operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, all in reasonable detail and accompanied by a management summary and analysis of the operations of Integra and its Subsidiaries for such fiscal year and by the opinion of a nationally recognized independent certified public accounting firm which report shall state without qualification that such consolidated financial statements present fairly the financial condition as of such date and results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis; provided, however, that the delivery to each of the Purchasers of a copy of Integra's Annual Report on Form 10-K for each fiscal year shall satisfy the requirements of this Section 7.3(a);

(b) commencing with the fiscal period ending on March 31, 1999, as soon as available, but in any event not later than forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year, the unaudited consolidated balance sheet of Integra and its Subsidiaries, and the related statements of operations and cash flows for such quarter and for the period commencing on the first day of the fiscal year and ending on the last day of such quarter, all certified by an appropriate officer of Integra as presenting fairly the financial condition as of such date and results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis, subject to normal year-end audit adjustments and the absence of footnotes required by GAAP; provided, however, that the delivery to each of the Purchasers of a copy of Integra's Quarterly Report on Form 10-Q for each fiscal quarter shall satisfy the requirements of this Section 7.3(b);

(c) at any time when it is not subject to Section 13 or 15(d) of the Exchange Act, upon request, to the Purchasers, information of the type that would satisfy the requirement of subsection (d)(4)(i) of Rule 144A (or any similar successor provision) under the Securities Act; and

(d) except as otherwise provided in Sections 7.3(a) and (b), promptly after the same are filed, copies of all registration statements, proxy statements, reports and other documents required to be filed by Integra under the Securities Act or the Exchange Act, and all amendments thereto.

7.4 Reservation of Shares. Integra shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issue or delivery upon conversion of the Purchased Shares, as provided in the Certificate of Designation and the Certificate of Incorporation, and the exercise of the Warrants, the number of shares of Common Stock that may be issuable or deliverable upon such conversion or exercise. Integra shall issue such shares of Common Stock in accordance with the terms of this Agreement, the Certificate of Incorporation, the Certificate of Designation (in the case of the shares of Common Stock issuable upon conversion of the Purchased Shares) and the Warrants (in the case of the Warrant Shares), as the case may be, and otherwise comply with the terms hereof and thereof.

7.5 Registration and Listing. If any shares of Common Stock required to be reserved for purposes of conversion of the Purchased Shares, as provided in the Certificate of Designation or the exercise of the Warrants, as provided in the Warrants, require registration with or approval of any Governmental Authority under any Federal or state or other applicable law before such shares of Common Stock may be issued or delivered upon conversion or exercise, Integra will in good faith and as expeditiously as possible cause such shares of Common Stock to be duly registered or approved, as the case may be, unless such registration or approval is required solely because of a breach of the Purchasers' representation contained in Section 3.5. So long as the shares of Common Stock are quoted on the NASDAQ or listed on any national securities exchange, Integra will, if permitted by the rules of such system or exchange, quote or list and keep quoted or listed on such system or exchange, upon official notice of issuance, all shares of Common Stock issuable or deliverable upon conversion of the Preferred Shares and exercise of the Warrants.

7.6 Board Representation. For so long as the Purchasers or Affiliates thereof collectively own at least one half of their initial investment in the Series B Preferred Stock or the Common Stock into which it is converted, the Purchasers as a group shall be entitled to name one representative to Integra's Board of Directors (the "Purchasers' Representative"), which Purchasers' Representative shall be reasonably satisfactory to the Chief Executive Officer of Integra and who initially shall be Neal Moszkowski. Integra will use its best efforts to cause the Purchasers' Representative to be nominated and to solicit proxies for his election. The Purchasers as a group will also be entitled to representation on significant committees of Integra Board of Directors.

7.7 Director and Officer Liability Insurance. Integra will maintain director and officer liability insurance reasonably satisfactory to the Purchasers.

SECTION VIII. TERMINATION OF AGREEMENT

8.1 Termination. This Agreement may be terminated prior to the Closing as follows:

(a) at any time on or prior to the Closing Date, by mutual written consent of Integra and the Purchasers; or

(b) at the election of Integra or the Purchasers by written notice to the other parties hereto after 5:00 p.m., New York City time on April 30, 1999, if the transactions contemplated by this Agreement shall not have been consummated pursuant hereto, unless such date is extended by the mutual written consent of Integra and the Purchasers; or

(c) at the election of Integra, if any one or more of the conditions to its obligation to close set forth in Section V has not been satisfied or waived and the Closing shall not have occurred on the scheduled Closing Date; or

(d) at the election of the Purchasers, if any one or more of the conditions to its obligation to close set forth in Section IV has not been satisfied or waived and the Closing shall not have occurred on the scheduled Closing Date; or

(e) at the election of Integra, if there has been a material breach of any representation, warranty, covenant or agreement on the part of the Purchasers contained in this Agreement, which breach has not been cured within ten (10) Business Days of notice to the Purchasers of such breach; or

(f) at the election of the Purchasers, if there has been a material breach of any representation, warranty, covenant or agreement on the part of Integra contained in this Agreement, which breach has not been cured within ten (10) Business Days notice to Integra of such breach.

If this Agreement so terminates, it shall become null and void and have no further force or effect, except as provided in Section 8.2.

8.2 Survival. If this Agreement is terminated and the transactions contemplated hereby are not consummated as described above, this Agreement shall become void and of no further force and effect; provided, however, that (i) none of the parties hereto shall have any liability in respect of a termination of this Agreement pursuant to Section 8.1(a) or Section 8.1(b) and (ii) nothing shall relieve any party from any liability for actual damages resulting from a termination of this Agreement pursuant to Section 8.1(e) or 8.1(f); and provided further, that none of the parties hereto shall have any liability for speculative, indirect, unforeseeable or consequential damages resulting from a termination of this Agreement pursuant to Section VIII.

SECTION IX. MISCELLANEOUS

9.1 Survival of Representations and Warranties. Except for the representations and warranties in Section 2.7(c) (which shall survive without limitation), all of the representations and warranties made herein shall survive the execution and delivery of this Agreement for a period ending 60 days after the delivery by Integra to the Purchasers of its audited consolidated financial statements (balance sheet and statement of operations, cash flows and shareholders' equity, together with the notes hereto) for the fiscal year ended and as at December 31, 1999; provided, however, that if Integra exercises its Put Right during the Second Term the representations and warranties set forth in the CEO Certificate shall survive for a period of one year following the receipt by the Purchasers of the Additional Preferred Stock.

9.2 Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service, overnight mail or personal delivery:

(i) if to Quantum Industrial Partners LDC:

Kaya Flamboyan 9,
Villemstad
Curacao
Netherlands-Antilles

with a copy to:

Soros Fund Management LLC
888 Seventh Avenue
New York, NY 10016
Telecopy: (212) 664-0544
Attn: Michael Neus, Esq.

and a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attention: Matthew Nimetz, Esq.

(ii) If to SFM Domestic Investments LLC:

Soros Fund Management LLC
888 Seventh Avenue
New York, NY 10016
Telecopy: (212) 664-0544
Attn: Michael Neus, Esq.

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attention: Matthew Nimetz, Esq.

(iii) if to Integra:

Integra LifeSciences Corporation
105 Morgan Lane
Plainsboro, NJ 08536
Telecopy: (609) 799-3297
Attention: Stuart M. Essig,
President and CEO

with a copy to:

Drinker Biddle & Reath LLP
105 College Road East
Princeton, NJ 08542-0627
Telecopy: (609) 799-7000
Attention: John E. Stoddard III, Esq.

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier or overnight mail, if delivered by commercial courier service or overnight mail; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied.

9.3 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. Subject to applicable securities laws, each of the Purchasers may assign any of its rights under this Agreement to any of its Affiliates. Integra may not assign any of its rights under this Agreement and each of the

other Transaction Documents, except to a successor-in-interest to Integra, without the written consent of all of the Purchasers. Except as provided in Section VI no Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement and each of the other Transaction Documents.

9.4 Amendment and Waiver.

(a) No failure or delay on the part of Integra or the Purchasers in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(b) Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by Integra or the Purchasers from the terms of any provision of this Agreement, shall be effective (i) only if it is made or given in writing and signed by Integra and the Purchasers, and (ii) only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement, no notice to or demand on Integra in any case shall entitle Integra to any other or further notice or demand in similar or other circumstances.

9.5 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9.6 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

9.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.

9.8 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

9.9 Rules of Construction. Unless the context otherwise requires, "or" is not exclusive, and references to sections or subsections refer to sections or subsections of this Agreement.

9.10 Entire Agreement. This Agreement, together with the exhibits and schedules hereto, and the other Transaction Documents are intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or therein.

9.11 Fees. Upon the Closing, Integra shall reimburse the Purchasers for their reasonable out-of-pocket expenses (including attorney's fees, disbursements and other charges) incurred in connection with the transactions contemplated by this Agreement; provided, however, that Integra shall not be obligated to reimburse the Purchasers for any reasonable out-of-pocket expenses in excess of $40,000 in the aggregate.

9.12 Publicity; Confidentiality.

(a) Except as may be required by applicable law or the rules of any securities exchange or market on which shares of Common Stock are traded, none of the parties hereto shall issue a publicity release or public announcement or otherwise make any disclosure concerning this Agreement, the transactions contemplated hereby or the business and financial affairs of Integra, without prior approval by the other parties hereto; provided, however, that nothing in this Agreement shall restrict any Purchaser from disclosing information (i) that is already publicly available, (ii) that was known to such Purchaser on a non-confidential basis prior to its disclosure by Integra, (iii) that may be required or appropriate in response to any summons or subpoena or in connection with any litigation, provided that such Purchaser will use reasonable efforts to notify Integra in advance of such disclosure so as to permit Integra to seek a protective order or otherwise contest such disclosure, and such Purchaser will use reasonable efforts to cooperate, at the expense of Integra, with Integra in pursuing any such protective order, (iv) to the extent that such Purchaser reasonably believes it appropriate in order to protect its investment in the Purchased Shares in order to comply with any Requirement of Law, (v) to such Purchaser's officers, directors, agents, employees, members, partners, controlling persons, auditors or counsel, (vi) to Persons who are parties to similar confidentiality agreements or (vii) to the prospective transferee in connection with any contemplated transfer of any of the Securities. If any announcement is required by law or the rules of any securities exchange or market on which shares of Common Stock are traded to be made by any party hereto, prior to making such announcement such party will deliver a draft of such announcement to the other parties and shall give the other parties reasonable opportunity to comment thereon.

(b) The Purchasers shall have the opportunity to review and modify any provision of any publicly release or public announcement or document which is to be released to the public or filed with the SEC, which provision mentions Soros Fund Management LLC or any of its Affiliates, prior to the release of such document to the public or the filing of such document with the SEC.

9.13 Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

9.14 Schedules. Anything disclosed on any schedule attached hereto shall be deemed disclosed on all schedules attached hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers hereunto duly authorized on the date first above written.

INTEGRA LIFESCIENCES CORPORATION

By: /s/Stuart M. Essig

Stuart M. Essig, President and
Chief Executive Officer

QUANTUM INDUSTRIAL PARTNERS LDC

By: /s/Michael C. Neus

Michael C. Neus, Attorney-In-Fact

SFM DOMESTIC INVESTMENTS LLC

By: /s/Michael C. Neus

Michael C. Neus, Attorney-In-Fact

EXHIBITS

A	Form of Warrant
B	Certificate of Designation
C	Amended and Restated Registration Rights Agreement
D	Form of Drinker Biddle & Reath Opinion
E	Form of Paul, Weiss, Wharton & Garrison Opinion

SCHEDULES

1	Purchased Shares and Warrants and Purchase Price
2.5	Litigation
2.7	Capitalization
2.8	No Default or Breach
2.11	No Material Adverse Change; Ordinary Course of Business
2.16	Title to Assets
2.17(a)	Intellectual Property
2.17(b)	Infringements of Integra
2.17(c)	Intellectual Property Litigation
2.18	Trade Relations
2.19	Contract and other agreements

Schedule 1

PURCHASED SHARES AND WARRANTS AND PURCHASE PRICE

Purchaser	Shares of Series B Preferred Stock Purchased From the Company	Warrants Purchased From the Company	Purchase Price
Quantum Industrial Partners (principal place of business: Curaco)	75,000	180,000	$7,500,000
SFM Domestic Investments LLC	25,000	60,000	$2,500,000

Exhibit 10.2

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated March 29, 1999 (this "Agreement"), among INTEGRA LIFESCIENCES CORPORATION, a Delaware corporation (the "Company"), QUANTUM INDUSTRIAL PARTNERS LDC, a Cayman Islands limited duration company ("QIP"), and SFM DOMESTIC INVESTMENTS LLC, a Delaware limited liability company ("SFM DI" and together with QIP, the "Stockholders").

WHEREAS, this Agreement is made in connection with the Series B Convertible Preferred Stock and Warrant Purchase Agreement, dated March 29, 1999 (the "Series B Agreement"), among the Company and the Stockholders pursuant to which the Company has agreed to issue and sell to the Stockholders, and the Stockholders have agreed to purchase from the Company, (i) an aggregate of 100,000 shares of Series B Preferred Stock and (ii) warrants (the "Warrants") to purchase, subject to the terms and conditions thereof, an aggregate of 240,000 shares of Common Stock;

WHEREAS, in order to induce the Stockholders to purchase their shares of Series B Preferred Stock and the Warrants, the parties hereto have agreed to enter into this Agreement pursuant to which the Company has agreed to grant registration rights with respect to the Registrable Securities (as hereinafter defined).

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. As used in this Agreement the following terms have the meanings indicated:

"Act" means the Securities Act of 1933, as amended.

"Affiliate" shall mean any Person who is an "affiliate" as defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, and any Person controlling, controlled by, or under common control with Soros Fund Management LLC. For the purposes of this Agreement, "control" includes the ability to have investment discretion through contractual means or by operation of law.

"Approved Underwriter" has the meaning assigned such term in Section 3(e).

"Common Stock" means the Common Stock, par value $.01 per share, of the Company or any other equity securities of the Company into which such securities are converted, reclassified, reconstituted or exchanged.

"Company Underwriter" has the meaning assigned such term in Section 4(a).

"Demand Registration" has the meaning assigned such term in Section3(a).

"Designated Holder" means each of the Stockholders, and any transferee of any of them to whom Registrable Securities have been transferred in accordance with the provisions of this Agreement, other than a transferee to whom such securities have been transferred pursuant to a registration statement under the Securities Act or Rule 144 or Regulation S under the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Existing Rightholders" means the stockholders of the Company, if any, who have obtained registration rights pursuant to agreements existing on the date hereof.

"Initiating Holders" has the meaning assigned such term in Section 3(a).

"Inspector" has the meaning assigned such term in Section 6(a)(viii).

"NASD" has the meaning assigned such term in Section 6(a)(xiv).

"Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, government (or an agency or political subdivision thereof) or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"QIP" means Quantum Industrial Partners LDC.

"Registrable Securities" means each of the following: (a) any shares of Common Stock owned by the Designated Holders issued or issuable upon conversion of shares of Series B Preferred Stock or Additional Preferred Stock (as defined in the Series B Agreement), or upon exercise of the Warrants, (b) any shares of Common Stock issued or issuable by the Company to any or all of the Designated Holders during the time that any of such Designated Holders are holders of shares of Common Stock or shares of Series B Preferred Stock, (c) any other shares of Common Stock acquired or owned by any of the Designated Holders and (d) any shares of Common Stock issued or issuable with respect to shares of Common Stock and shares of Series B Preferred Stock and Additional Preferred Stock by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise and shares of Common Stock issuable upon conversion, exercise or exchange thereof.

"Registration Expenses" has the meaning set forth in Section 6(d).

"SEC" means the Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series B Agreement" has the meaning assigned such term in the recital to this Agreement.

"Series B Preferred Stock" has the meaning assigned such term in the recital to this Agreement.

"SFM DI" means SFM Domestic Investments LLC.

"Stockholders" means Quantum Industrial Partners LDC and SFM Domestic Investments LLC.

"Warrants" has the meaning assigned such term in the recital to this Agreement.

2. General; Securities Subject to this Agreement.

(a) Grant of Rights. The Company hereby grants registration rights to the Stockholders upon the terms and conditions set forth in this Agreement.

(b) Registrable Securities. For the purposes of this Agreement, (i) Registrable Securities will cease to be Registrable Securities when a registration statement covering such Registrable Securities has been declared effective under the Securities Act by the SEC and such Registrable Securities have been disposed of pursuant to such effective registration statement and (ii) the securities of a Designated Holder shall be deemed not to be Registrable Securities at any time when the Company is registered pursuant to Section 12 of the Exchange Act and the entire amount of such Designated Holder's Registrable Securities proposed to be sold in a single sale are or, in the opinion of counsel satisfactory to the Company and the Designated Holder, each in their reasonable judgment, may be distributed to the public pursuant to Rule 144 (or any successor provision then in effect) under the Securities Act.

(c) Holders of Registrable Securities. A Person is deemed to be a holder of Registrable Securities whenever such Person owns of record Registrable Securities, or holds an option to purchase, or a security convertible into or exercisable or exchangeable for, Registrable Securities whether or not such acquisition or conversion has actually been effected and disregarding any legal restrictions upon the exercise of such rights. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company may act upon the basis of the instructions, notice or election received from the registered owner of such Registrable Securities. Registrable Securities issuable upon exercise of an option or upon conversion of another security shall be deemed outstanding for the purposes of this Agreement.

3. Demand Registration.

(a) Request for Demand Registration. At any time on or after the date hereof, the holders of more than 50% of the Registrable Securities outstanding may make a written request for registration (such Designated Holders making such request being deemed to be "Initiating Holders") of Registrable Securities under the Securities Act, and under the securities or "blue sky" laws of a reasonable number of jurisdictions designated by such holder or holders (a "Demand Registration"); provided, however, that the Company shall not be required to effect more than two Demand Registrations pursuant to this Section 3. If at the time of any request to register Registrable Securities pursuant to this Section 3(a), the Company is engaged in, or has fixed plans to engage in within ninety (90) days of the time of such request, a registered public offering or is engaged in any other activity which, in the good faith determination of the Board of Directors of the Company, would be required to be disclosed under applicable law as a result of such request or would be adversely affected by the requested registration, then the Company may at its option direct that such request be delayed for a reasonable period not in excess of three (3) months from the effective date of such offering or the date of completion of such other activity, as the case may be, such right to delay a request to be exercised by the Company not more than once in any one-year period. In addition, the Company shall not be required to effect any registration within three (3) months after the effective date of any other Registration Statement of the Company. Each such request for a Demand Registration by the Initiating Holders shall state the amount of the Registrable Securities proposed to be sold, the intended method of disposition thereof and the jurisdictions in which registration is desired. Upon a request for a Demand Registration, the Company shall promptly take such steps as are necessary or appropriate to prepare for the registration of the Registrable Securities to be registered.

(b) Effective Demand Registration. The Company shall use commercially reasonable efforts to cause any such Demand Registration to become effective not later than forty-five (45) days after it receives a request under Section 3(a) hereof and to remain effective for the lesser of (i) the period during which all Registrable Securities registered in the Demand Registration are sold and (ii) ninety (90) days; provided, however, that if the Initiating Holders request the Company to withdraw such registration, it shall constitute a Demand Registration unless the Initiating Holders promptly pay all of the costs and expenses incurred by the Company in connection with such registration.

(c) Expenses. In any registration initiated as a Demand Registration, the Company shall pay all Registration Expenses (other than underwriting discounts and commissions and brokerage commissions), including the reasonable fees and expenses of one counsel selected by the Designated Holders holding a majority of the Registrable Securities being registered in such registration ("Holders' Counsel") in connection therewith (not to exceed $15,000), whether or not such Demand Registration becomes effective.

(d) Underwriting Procedures. If the Initiating Holders holding a majority of the Registrable Securities held by all of the Initiating Holders to which the requested Demand Registration relates so elect, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of a firm commitment underwritten offering and the managing underwriter or underwriters selected for such offering shall be the Approved

Underwriter (as hereinafter defined) selected in accordance with Section 3(e). In such event, if the Approved Underwriter advises the Company in writing that in its opinion the aggregate amount of such Registrable Securities requested to be included in such offering is sufficiently large to have a material adverse effect on the success of such offering, subject to the rights of the Existing Rightholders, the Company shall include in such registration only the aggregate amount of Registrable Securities that in the opinion of the Approved Underwriter may be sold without any such material adverse effect and shall reduce, first as to the Company and any stockholders who are not Designated Holders as a group, if any, and then as to the Designated Holders as a group, pro rata within each group based on the number of Registrable Securities included in the request for Demand Registration, the amount of Registrable Securities to be included by each Designated Holder in such registration.

(e) Selection of Underwriters. If any Demand Registration of Registrable Securities is in the form of an underwritten offering, the Initiating Holders holding a majority of the Registrable Securities held by all such Initiating Holders shall select and obtain an investment banking firm of national reputation to act as the managing underwriter of the offering (the "Approved Underwriter");

provided, however, that the Approved Underwriter shall, in any case, be acceptable to the Company in its reasonable judgment.

4. Piggy-Back Registration.

(a) Piggy-Back Rights. If the Company proposes to file a registration statement under the Securities Act with respect to an offering by the Company for its own account or for the account of an Initiating Holder pursuant to Section 3 of any class of security (other than a registration statement on Form S-4 or S-8 or any successor forms thereto), then the Company shall give written notice of such proposed filing to each of the Designated Holders of Registrable Securities (other than any Initiating Holders), and such notice shall describe in detail the proposed registration and distribution and shall offer such Designated Holders (other than any Initiating Holders) the opportunity to register the number of Registrable Securities as each such holder may request. The Company shall, and shall use commercially reasonable efforts (within ten (10) days of the notice provided for in the preceding sentence) to cause the managing underwriter or underwriters of a proposed underwritten offering (the "Company Underwriter") to, permit the Designated Holders of Registrable Securities who have requested in writing (within ten (10) days of the giving of the notice of the proposed filing by the Company) to participate in the registration for such offering to include such Registrable Securities in such offering on the same terms and conditions as the securities of the Company included therein. In connection with any offering under this Section 4(a) involving an underwriting, the Company shall not be required to include any Registrable Securities in such underwriting unless (i) the holders thereof accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it, (ii) if such underwriting has been initiated by the Company or requested by another party that has contractual registration rights, all of the shares of Common Stock held by the parties making such request or entitled to include shares of Common Stock pursuant to the same rights as the requesting parties have been included in such registration and (iii) all of the shares of Common Stock held by Existing Rightholders for which such registration

has been requested by such Existing Rightholders have been included in such registration, and then only in such quantity as will not, in the opinion of the underwriters, jeopardize the success of the offering by the Company. If in the opinion of the Company Underwriter the registration of all, or part, of the Registrable Securities which the Designated Holders have requested to be included would materially and adversely affect such public offering, then the Company shall be required to include in the underwriting only that number of Registrable Securities, if any, which the Company Underwriter believes may be sold without causing such adverse effect, and the amount of securities to be offered in the underwriting shall be allocated first, to the Company based on the number of shares it desires to sell in the underwritten offering for its own account; and thereafter pro rata among the Initiating Holders and all other selling stockholders, if any, based on the number of shares otherwise proposed to be included therein by the Initiating Holders and such other selling stockholders. If the number of Registrable Securities to be included in the underwriting in accordance with the foregoing is less than the total number of shares which the Designated Holders of Registrable Securities have requested to be included, then the Designated Holders of Registrable Securities who have requested registration shall participate in the underwriting pro rata based upon their total ownership of the Registrable Securities. If any Designated Holder would thus be entitled to include more shares than such holder requested to be registered, the excess shall be allocated among other requesting Designated Holders pro rata based upon their total ownership of Registrable Securities.

(b) Expenses. The Company shall bear all Registration Expenses (other than underwriting discounts and commissions and brokerage commissions), including the reasonable fees and expenses of the Holders' Counsel (not to exceed $15,000), in connection with any registration pursuant to this Section 4.

5. Holdback Agreements.

(a) Restrictions on Public Sale by Designated Holders. Each Designated Holder of Registrable Securities agrees not to effect any public sale or distribution of any Registrable Securities being registered or of any securities convertible into or exchangeable or exercisable for such Registrable Securities, including a sale pursuant to Rule 144 under the Securities Act, during the ninety (90) day period beginning on the effective date of such registration statement (except as part of such registration), if and to the extent requested by the Company in the case of a non-underwritten public offering or if and to the extent requested by the Company Underwriter or the Approved Underwriter in the case of an underwritten public offering, except to the extent that such Designated Holder is prohibited by applicable law or exercise of fiduciary duties from agreeing to withhold Registrable Securities from sale or is acting in its capacity as a fiduciary or investment adviser. If requested by the Company Underwriter, each Designated Holder will execute and deliver a lock-up agreement in a form acceptable to such Underwriter and the Company for purposes of its obligations under this Section 5. Without limiting the scope of the term "fiduciary," a Designated Holder shall be deemed to be acting as a fiduciary or an investment adviser if its actions or the Registrable Securities proposed to be sold are subject to the Employee Retirement Income Security Act of 1974, as amended, or the Investment Company Act of 1940, as amended, or if such Registrable Securities are held in a separate account under applicable insurance law or regulation.

(b) Restrictions on Public Sale by the Company. The Company agrees not to effect any public sale or distribution of any of its securities for its own account, or any securities convertible into or exchangeable or exercisable for such securities (except pursuant to registrations on Form S-4 or S-8 or any successor forms thereto), during the period beginning on the effective date of any Demand Registration in which the Designated Holders of Registrable Securities are participating and ending on the earlier of (i) the date on which all shares of Common Stock registered on such registration statement are sold and (ii) the date thirty (30) days after the effective date of such registration statement.

6. Registration Procedures.

(a) Obligations of the Company. Whenever registration of Registrable Securities has been requested pursuant to Section 3 or 4 of this Agreement, the Company shall use commercially reasonable efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method of distribution thereof as promptly as reasonably practicable, and in connection with any such request, the Company shall, as promptly as reasonably possible:

(i) use commercially reasonable efforts to prepare and file with the SEC a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of such Registrable Securities in accordance with the intended method of distribution thereof, and use commercially reasonable efforts to cause such registration statement to become effective; provided, however, that (x) before filing a registration statement or prospectus or any amendments or supplements thereto, the Company shall provide Holders' Counsel and any other Inspector (as hereinafter defined) with an adequate and appropriate opportunity to participate in the preparation of such registration statement and each prospectus included therein (and each amendment or supplement thereto) to be filed with the SEC, which documents shall be subject to the review of Holders' Counsel, and (y) the Company shall notify the Holders' Counsel and each seller of Registrable Securities of any stop order issued or threatened by the SEC and take all reasonable action required to prevent the entry of such stop order or to remove it if entered;

(ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the lesser of (x) ninety (90) days and (y) such shorter period which will terminate when all Registrable Securities covered by such registration statement have been sold, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(iii) as soon as reasonably possible, furnish to each seller of Registrable Securities, prior to filing a registration statement, copies of such registration statement as is proposed to be filed, and thereafter such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in such registration statement (including each preliminary prospectus)

and such other documents as each such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(iv) use its best efforts to register or qualify such Registrable Securities under such other securities or "blue sky" laws of such jurisdictions as any seller of Registrable Securities may reasonably request, and to continue such qualification in effect in such jurisdiction for as long as permissible pursuant to the laws of such jurisdiction, or for as long as any such seller requests or until all of such Registrable Securities are sold, whichever is shortest, and do any and all other acts and things which may be reasonably necessary or advisable to enable any such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided, however, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 6(a)(iv), (y) subject itself to taxation in any such jurisdiction or (z) consent to general service of process in any such jurisdiction;

(v) use its best efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the seller or sellers of Registrable Securities to consummate the disposition of such Registrable Securities;

(vi) notify each seller of Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and the Company shall promptly prepare a supplement or amendment to such prospectus (except that the Company may avoid supplementing or amending such prospectus for up to 90 days when, in the good faith determination of the Board of Directors of the Company, supplementing or amending such prospectus would require disclosure under applicable law of any material activity in which the Company is then engaged, the disclosure of which would adversely affect the Company) and furnish to each seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, after delivery to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(vii) enter into and perform customary agreements (including an underwriting agreement in customary form with the Approved Underwriter or Company Underwriter, if any, selected as provided in Sections 3 or 4) and take such other actions as are prudent and reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(viii) make available for inspection by any seller of Registrable Securities, any managing underwriter participating in any disposition pursuant to such registration statement, Holders' Counsel and any attorney, accountant or other agent retained by

any such seller or any managing underwriter (each, an "Inspector" and collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspector in connection with such registration statement. Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (x) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement, (y) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction or is requested by any regulatory body (including the National Association of Insurance Commissioners) or (z) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public. Each seller of Registrable Securities agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(ix) if such sale is pursuant to an underwritten offering, use its best efforts to obtain a "cold comfort" letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as Holders' Counsel or the managing underwriter reasonably request; provided, however, that the Company shall not be required to obtain such a letter from its former independent public accountants;

(x) use its best efforts to furnish, at the request of any seller of Registrable Securities on the date such securities are delivered to the underwriters for sale pursuant to such registration or, if such securities are not being sold through underwriters, on the date the registration statement with respect to such securities becomes effective, an opinion, dated such date, of counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and to the seller making such request, covering such legal matters with respect to the registration in respect of which such opinion is being given as such seller may reasonably request and are customarily included in such opinions;

(xi) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable but no later than fifteen (15) months after the effective date of the registration statement, an earnings statement covering a period of twelve (12) months beginning after the effective date of the registration statement, in a manner which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xii) because all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed, provided, that the applicable listing requirements are satisfied;

(xiii) keep Holders' Counsel advised in writing as to the initiation of any registration under Section 3 or 4 hereunder and provide Holders' Counsel with copies of any SEC filings made in connection therewith;

(xiv) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. (the "NASD"); and

(xv) use commercially reasonable efforts to take all other steps necessary to effect the registration of the Registrable Securities contemplated hereby.

(b) Obligations of Each Designated Holder of Registrable Securities. Following the filing of a registration statement registering the Eligible Securities of any Designated Holder and during any period that the registration statement is effective, each such Designated Holder shall:

(i) not effect any stabilization transactions or engage in any stabilization activity in connection with any securities of the Company in contravention of Regulation M under the Securities Exchange Act of 1934, as amended (the "Exchange Act");

(ii) furnish each broker or dealer through whom such Designated Holder offers Eligible Securities such number of copies of the prospectus as the broker may require and otherwise comply with the prospectus delivery requirements under the Securities Act;

(iii) report to the Company each month all sales and other dispositions of Eligible Securities made by such Designated Holder during said month;

(iv) not, and shall not permit any Affiliated Purchaser (as that term is defined in Regulation M under the Exchange Act) to, bid for or purchase for any account in which such Designated Holder has a beneficial interest, or attempt to induce any other person to purchase, any securities of the Company in contravention of Regulation M under the Exchange Act;

(v) not offer or agree to pay, directly or indirectly, to anyone any compensation for soliciting another to purchase, or for purchasing (other than for such Designated Holder's own account), any securities of the Company on a national securities exchange in contravention of Regulation M under the Exchange Act;

(vi) cooperate in all reasonable respects with the Company as it fulfills its obligations under this Agreement;

(vii) furnish such information concerning such Designated Holder and the distribution of the Eligible Securities as the Company may from time to time request to the extent required by federal securities laws; and

(viii) sell Eligible Securities only in the manner described in the Registration Statement or as otherwise permitted by federal securities laws.

(c) Notice to Discontinue. Each Designated Holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 6(a)(vi), such Designated Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Designated Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 6(a)(vi). If the Company shall give any such notice, the Company shall extend the period during which such registration statement shall be maintained effective pursuant to this Agreement (including, without limitation, the period referred to in Section 6(a)(ii)) by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(a)(vi) to and including the date when the Designated Holder shall have received the copies of the supplemented or amended prospectus contemplated by and meeting the requirements of Section 6(a)(vi).

(d) Registration Expenses. The Company shall pay all expenses (other than as set forth in Sections 3(c) and 4(b)) arising from or incident to the performance of, or compliance with, this Agreement, including, without limitation, (i) SEC, stock exchange and NASD registration and filing fees, (ii) all fees and expenses incurred in complying with securities or "blue sky" laws (including reasonable fees, charges and disbursements of Holders' Counsel in connection with "blue sky" qualifications of the Registrable Securities), (iii) all printing, messenger and delivery expenses, (iv) the fees, charges and disbursements of counsel to the Company and of its independent public accountants and any other accounting and legal fees, charges and expenses incurred by the Company (including, without limitation, any expenses arising from any special audits incident to or required by any registration or qualification) and (v) any liability insurance or other premiums for insurance obtained in connection with any Demand Registration or piggy-back registration pursuant to the terms of this Agreement, regardless of whether such registration statement is declared effective; provided, however, that, in connection with the registration or qualification of the Eligible Securities under state securities laws, nothing herein shall be deemed to require the Company to make any payments to third parties in order to obtain "lock-up," escrow or other extraordinary agreements. All of the expenses described in this Section 7 are referred to herein as "Registration Expenses."

7. Indemnification; Contribution.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each Designated Holder, its officers, directors, trustees, partners, employees, advisors and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Designated Holder from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue statement of a material fact contained in any registration statement, prospectus or notification or offering circular (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in light of the

circumstances under which they were made) not misleading, except insofar as the same are caused by or contained in any information concerning such Designated Holder furnished in writing to the Company by such Designated Holder expressly for use therein or caused by such Designated Holder's failure to deliver a copy of the prospectus or any amendments or supplements thereto in accordance with the requirements of the Securities Act after the Company has furnished such Designated Holder with a copy of the same. The Company shall also provide customary indemnities to any underwriters of the Registrable Securities, their officers, directors and employees and each Person who controls such underwriters (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above with respect to the indemnification of the Designated Holders of Registrable Securities.

(b) Indemnification by Designated Holders. In connection with any registration statement in which a Designated Holder is participating pursuant to Section 3 or 4 hereof, each such Designated Holder shall furnish to the Company in writing such information with respect to such Designated Holder as the Company may reasonably request or as may be required by law for use in connection with any such registration statement or prospectus and each Designated Holder agrees to indemnify and hold harmless, to the fullest extent permitted by law, the Company, any underwriter retained by the Company and their respective directors, officers, employees and each Person who controls the Company or such underwriter (within the meaning of the Securities Act and the Exchange Act) to the same extent as the foregoing indemnity from the Company to the Designated Holders, but only with respect to any such information with respect to such Designated Holder furnished in writing to the Company by such Designated Holder expressly for use therein, or with respect to such Designated Holder's failure to deliver a copy of the prospectus or any amendments or supplements thereto in accordance with the requirements of the Securities Act after the Company has furnished such Designated Holder with a copy of the same; provided, however, that the total amount to be indemnified by such Designated Holder pursuant to this Section 7(b) shall be limited to the net proceeds received by such Designated Holder in the offering to which the registration statement or prospectus relates.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder (the "Indemnified Party") agrees to give prompt written notice to the indemnifying party (the "Indemnifying Party") after the receipt by the Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided, however, that the failure so to notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that it may have to the Indemnified Party hereunder except to the extent that the delay or failure to give such notice materially prejudices the ability of the Indemnifying Party to defend such action. If notice of commencement of any such action is given to the Indemnifying Party as above provided, the Indemnifying Party shall be entitled to participate in and, to the extent it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and satisfactory to such Indemnified Party. The Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party unless (i) the Indemnifying Party agrees to pay the same, (ii) the Indemnifying Party fails to assume the defense of such action with counsel satisfactory to the Indemnified Party in its

reasonable judgment or (iii) the named parties to any such action (including any impleaded parties) have been advised by such counsel that representation of such Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct, in which case the Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Indemnified Party. No Indemnifying Party shall be liable for any settlement entered into without its written consent, which consent shall not be unreasonably withheld.

(d) Contribution. If the indemnification provided for in this Section 7 from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative faults of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Sections 7(a), 7(b) and 7(c), any reasonable legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding; provided that the total amount to be indemnified by such Designated Holder shall be limited to the net proceeds received by such Designated Holder in the offering.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person.

8. Rule 144.

The Company covenants that it shall file any reports required to be filed by it under the Exchange Act; and that it shall take such further action as each Designated Holder of Registrable Securities may reasonably request (including providing any information necessary to comply with Rules 144 and 144A under the Securities Act), all to the extent required from time to time to enable such Designated Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such rules may be amended from time to time, or (b) any similar rules or regulations hereafter adopted by the SEC. The Company shall, upon the request of any Designated Holder of Registrable Securities, deliver to such Designated Holder a written statement as to whether it has complied with such requirements.

9. Miscellaneous.

(a) Recapitalizations, Exchanges, etc. The provisions of this Agreement shall apply, to the full extent set forth herein, with respect to (i) the shares of Common Stock and (ii) to any and all equity securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in conversion of, in exchange for or in substitution of, the shares of Common Stock and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof.

(b) No Inconsistent Agreements. The Company shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Designated Holders in this Agreement or grant any additional registration rights to any Person or with respect to any securities which are not Registrable Securities which are prior in right to or inconsistent with the rights granted in this Agreement.

(c) Remedies. The Designated Holders, in addition to being entitled to exercise all rights granted by law, including recovery of damages, shall be entitled to specific performance of their rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive in any action for specific performance the defense that a remedy at law would be adequate.

(d) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless consented to in writing by all of the parties hereto.

(e) Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be made by registered or certified first-class mail, return receipt requested, telecopier, overnight courier service or personal delivery:

(i) if to QIP:

Kaya Flamboyan 9,
Villemstad
Curacao
Netherlands-Antilles

with a copy to:

Soros Fund Management LLC
888 Seventh Avenue
New York, NY 10016
Telecopy: (212) 664-0544
Attn: Michael Neus, Esq.

and a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attention: Matthew Nimetz, Esq.

(ii) If to SFM DI:

Soros Fund Management LLC
888 Seventh Avenue
New York, NY 10016
Telecopy: (212) 664-0544
Attn: Michael Neus, Esq.

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy: (212) 757-3990
Attention: Matthew Nimetz, Esq.

(iii) if to the Company:

Integra LifeSciences Corporation
105 Morgan Lane
Plainsboro, NJ 08536
Telecopy: (609) 799-3297
Attention: Stuart M. Essig,
President and CEO

with a copy to:

Drinker Biddle & Reath LLP
105 College Road East
Princeton, NJ 08542-0627
Telecopy: (609) 799-7000
Attention: John E. Stoddard III, Esq.

(iv) if to any other Designated Holder, at its address as it appears on the transfer books of the Company

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is acknowledged, if telecopied.

(f) Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto. The registration rights and the other rights of the Designated Holders contained in this Agreement shall be, with respect to any Registrable Security, (i) automatically transferred from QIP or SFM DI, as the case may be, to any Affiliate thereof, and (ii) in all other cases, transferred by the Designated Holders only with the consent of the Company. All of the obligations of the Company hereunder shall survive any such transfer. No Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of any of the rights granted hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.

(j) Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, it being intended that all of the rights and privileges of the Designated Holders shall be enforceable to the fullest extent permitted by law.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and in the Series B Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(l) Further Assurances. Each of the parties shall execute such documents and perform such further acts as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Agreement on the date first written above.

INTEGRA LIFESCIENCES CORPORATION

By: /s/ Stuart M. Essig

Stuart M. Essig, President and
Chief Executive Officer

QUANTUM INDUSTRIAL PARTNERS LDC

By: /s/ Michael C. Neus

Michael C. Neus, Attorney-In-Fact

SFM DOMESTIC INVESTMENTS LLC

By: /s/ Michael C. Neus

Michael C. Neus, Attorney-In-Fact

Exhibit 10.3

AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT

Dated as of March 29, 1999

among

THE FINANCIAL INSTITUTIONS NAMED HEREIN,
as Lenders,

FLEET CAPITAL CORPORATION,
as Agent,

INTEGRA NEUROCARE LLC
AND THE OTHER PERSONS NAMED HEREIN,
as Borrowers

and

INTEGRA NEUROCARE LLC,
as Borrowing Agent

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT is made as of the 29th day of March, 1999, by and among FLEET CAPITAL CORPORATION ("Fleet"), a Rhode Island corporation with an office at One North Franklin Street, Suite 3600, Chicago, Illinois 60606, individually as a lender hereunder and in its capacity as agent (in such capacity, the "Agent") for itself and any other financial institution that is or becomes a lender hereunder (Fleet, in its individual capacity as a lender, and each such other financial institution are sometimes referred to herein individually as a "Lender" and collectively as the "Lenders"); INTEGRA NEUROCARE LLC ("Integra"), a Delaware limited liability company, REDMOND NEUROCARE LLC ("Redmond"), a Delaware limited liability company, HEYER-SCHULTE NEUROCARE, INC. ("Neurocare Inc."), a Delaware corporation, and CAMINO NEUROCARE, INC. ("Camino"), a Delaware corporation (Integra, Redmond, Neurocare Inc. and Camino are sometimes referred to herein individually as a "Borrower" and collectively as "Borrowers"), and Integra, in its capacity as borrowing agent (in such capacity, "Borrowing Agent") for itself and the other Borrowers; and, solely for purposes of Section 1A.1, HEYER-SCHULTE NEUROCARE, L.P., ("Neurocare L.P."), a Delaware limited partnership, and NEURO NAVIGATIONAL, L.L.C. ("Navigational"), a Delaware limited liability company (Neurocare L.P. and Navigational are sometimes referred to herein individually as an "Assigning Seller" and collectively as "Assigning Sellers"). Capitalized terms used in this Agreement have the meanings assigned to them in Appendix A, General Definitions. Accounting terms not otherwise specifically defined herein shall be construed in accordance with GAAP consistently applied.

W I T N E S S E T H:

WHEREAS, the Assigning Sellers, Neurocare Inc., Camino and Fleet have previously entered into that certain Loan and Security Agreement dated as of January 8, 1998 (such Loan and Security Agreement, without giving effect to the amendment and restatement thereof contemplated hereby, being hereinafter referred to as the "Original Loan Agreement");

WHEREAS, pursuant to the "Integra Acquisition Documents" (as hereinafter defined), (i) Integra has acquired all of the issued and outstanding capital stock of Camino and Neurocare Inc.; (ii) Integra and Redmond, respectively, have acquired substantially all of the assets of the Assigning Sellers; (iii) Integra and Redmond have assumed on a joint and several basis certain obligations and liabilities of the Assigning Sellers, including, without limitation, all of the Assigning Sellers' "Original Obligations" (as hereinafter defined); and (iv) the Assigning Sellers have assigned to Integra and Redmond on a joint and several basis certain rights and remedies of Assigning Sellers, including, without limitation, all of the rights and remedies of the Assigning Sellers under the Original Loan Agreement;

WHEREAS, in connection with respective transactions contemplated by the Integra Acquisition Documents, upon the terms and subject to the conditions set forth herein, Borrowers, Borrowing Agent, Lenders, Agent and, solely for purposes of Section 1A.1, Assigning Sellers,

have agreed to enter into this Agreement, in order, among other things, to (i) amend and restate the Original Loan Agreement in its entirety; (ii) join Integra and Redmond as parties thereunder; (iii) re-evidence, ratify and confirm the joint and several Obligations of Borrowers outstanding on the date hereof under the Original Loan Agreement, which Obligations shall be repayable hereafter in accordance with the respective terms and provisions hereof; (iv) release the Assigning Sellers from their respective obligations and liabilities thereunder; and (iv) set forth the terms and conditions under which Lenders will from time to time hereafter make further loans and extensions of credit to or for the account of the respective Borrowers; and

WHEREAS, it is the intention of Borrowers, Borrowing Agent, Lenders, Agent and Assigning Sellers that this Agreement not constitute a novation;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, Borrowing Agent, Borrowers, Agent, Lenders and Assigning Sellers agree as follows:

SECTION 1A. ASSIGNMENT AND ASSUMPTION; AMENDMENT AND RESTATEMENT OF ORIGINAL LOAN AGREEMENT.

1A.1 ASSIGNMENT BY ASSIGNING SELLERS AND ASSUMPTION BY INTEGRA AND REDMOND.

Effective as of the Amendment Effective Date, (a) each of the Assigning Sellers hereby assigns and delegates to Integra and Redmond on a joint and several basis all of such Assigning Seller's respective rights, remedies, duties and other Obligations under the Original Loan Agreement and each of the other Loan Documents in its capacity as a debtor, obligor, grantor, mortgagor, pledgor, guarantor, indemnitor and assignor and all other similar capacities, if any, in which such Assigning Seller incurred Obligations under the Original Loan Agreement and the other Loan Documents and granted Liens to Agent or any Lender on any of such Assigning Seller's real or personal property; (b) Integra and Redmond hereby accept such assignment and delegation and hereby assume on a joint and several basis all of such duties and other Obligations; (c) subject to the terms and conditions of this Agreement, Agent and each of the Lenders hereby (v) acknowledge and consent to the foregoing assignment, delegation and assumption; (w) acknowledge and agree that each of Integra and Redmond shall have the same rights, benefits and obligations in its capacity as a Borrower under this Agreement and the other Loan Documents as if it were the original debtor, obligor, grantor, mortgagor, pledgor, guarantor or indemnitor, as the case may be, thereunder; (x) represent to each of Integra and Redmond that, to their knowledge, as of the Amendment Effective Date, no Event of Default has occurred and is continuing; (y) acknowledge and agree that none of the Assigning Sellers, Saba Medical Group, L.P., Saba Medical Management Co., Inc., Continental Illinois Venture Corporation, John R. Willis, Avy H. Stein, Daniel G. Helle, Marcus D. Wedner, Roderick, G. Johnson, Pamela S. Johnson as custodian for Brittany A.S. Johnson, Pamela S. Johnson as custodian for Kathryn E.S. Johnson and Randolph Street Partners shall have any further obligation or liability under the Original Loan Agreement or any of the other Loan Documents (as defined therein) and (z) acknowledge and agree that the "Excluded Assets", including the "Purchase Price" (as such terms are defined in the Integra Asset Purchase Agreement) and other amounts payable to the

Assigning Sellers, are released from the Lien of the Original Loan Agreement and the other Loan Documents (as defined therein) and that, as soon as reasonably practicable hereafter, the Agent shall execute and file UCC partial release statements evidencing such release, and hereafter shall at the sole cost and expense of the Assigning Sellers promptly take such other actions as are reasonably requested by the Assigning Sellers to give effect to or carry out the intent of this clause (z).

1A.2 AMENDMENT AND RESTATEMENT OF ORIGINAL LOAN AGREEMENT; NO NOVATION.

(a) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the respective Borrowers set forth herein and in the other Loan Documents, effective as of the date hereof, the Original Loan Agreement is hereby amended and restated in its entirety and, from and after the date hereof, all references herein to "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Original Loan Agreement, as amended hereby.

(b) It is expressly understood and agreed by each of the parties hereto that (i) the Obligations (as such term is defined herein) include all "Obligations" (as defined in the Original Loan Agreement) owing on the date hereof (the "Original Obligations"), (ii) the Original Obligations shall be payable hereafter in accordance with the respective terms and provisions hereof and (iii) that this Agreement (x) merely re-evidences, ratifies and confirms the Original Obligations and (y) is in no way intended and shall not be deemed or construed to constitute a novation of the Original Loan Agreement.

SECTION 1. CREDIT FACILITIES

1.1 Revolving Credit Loans.

(a) Loans. Each Lender agrees, for so long as no Default or Event of Default exists, to make Revolving Credit Loans to Borrowers from time to time, as requested by Borrowing Agent in the manner set forth in subsection 3.1(a) hereof, up to a maximum principal amount at any time outstanding equal to the lesser at such time of (i) such Lender's Revolving Loan Commitment and (ii) the product of such Lender's Revolving Loan Percentage multiplied by the Borrowing Base, minus, in the case of both clauses (i) and (ii) above, (x) such Lender's Revolving Loan Percentage of the LC Amount and (y) such Lender's Revolving Loan Percentage of any Reserves. Agent shall have the right to establish reserves in such amounts as Agent shall reasonably deem necessary or appropriate in its reasonable credit judgment, against the amount of Revolving Credit Loans which Borrowers may otherwise request under this subsection 1.1(a) with respect to (i) sums chargeable against the Loan Account as Revolving Credit Loans under any section of this Agreement; and (ii) amounts owing by any Borrower to any other Person to the extent secured by a Lien on, or trust over, any Collateral deemed eligible under the definition of the term Borrowing Base (collectively, "Reserves").

If Borrowing Agent requests that Lenders make, or permit to remain outstanding, Revolving Credit Loans in an aggregate amount in excess of the Borrowing Base less the

amounts described in clauses (x) and (y) above (such Revolving Credit Loans in excess of the Borrowing Base less the amounts described in clauses (x) and (y) above being referred to as "Excess Revolving Credit Loans"), (i) Agent may in its discretion elect to cause all Lenders, and all Lenders agree, to make, or permit to remain outstanding, Excess Revolving Credit Loans in an aggregate amount not exceeding at any time $500,000 and (ii) Majority Lenders may in their discretion elect to cause all Lenders, and all Lenders agree, to make, or permit to remain outstanding, Excess Revolving Credit Loans in an aggregate amount not exceeding at any time $1,000,000, provided that neither Agent nor Majority Lenders may cause Lenders to make, or permit to remain outstanding, aggregate Revolving Credit Loans in excess of the Revolving Loan Commitment. Excess Revolving Credit Loans may not remain outstanding for more than ninety (90) days during any one hundred eighty (180) day period.

(b) Use of Proceeds. The Revolving Credit Loans shall be used solely (i) to pay costs and expenses of Borrowers incurred in connection with the transactions contemplated by the Integra Acquisition Documents and (ii) for Borrowers' working capital requirements and other general corporate purposes, in each case in a manner consistent with the provisions of this Agreement and all applicable laws.

1.2 Term Loans.

Each Lender agrees to maintain outstanding hereunder a portion of the aggregate principal amount of the "Term Loans" outstanding on the date hereof under the Original Loan Agreement in an amount equal to such Lender's Term Loan Percentage multiplied by $11,000,000. The Term Loans shall be repayable in accordance with the terms of the Term Notes and shall be secured by all of the Collateral. The proceeds of the Term Loans shall be used solely for purposes for which the proceeds of the Revolving Credit Loans are authorized to be used.

1.3 Letters of Credit; LC Guaranties.

Agent agrees, for so long as no Default or Event of Default exists and if requested by Borrowers, to (i) issue its, or cause to be issued by an Affiliate of Agent, Letters of Credit for the account of any Borrower or (ii) execute LC Guaranties by which Agent or an Affiliate of Agent shall guaranty the payment and performance by any Borrower of its reimbursement obligations with respect to Letters of Credit and letters of credit issued for a Borrower's account by other Persons in support of such or any other Borrower's obligations (other than obligations for the repayment of Money Borrowed), provided, that the LC Amount at any time shall not exceed $250,000. No Letter of Credit or LC Guarantee may have an expiration date that occurs within 60 days immediately prior to the last day of the Term. No documentary Letter of Credit or LC Guarantee covering a documentary Letter of Credit shall have an expiration date that occurs more than 180 days after the date of issuance thereof. No standby Letter of Credit shall have an expiration date more than one year after the date of issuance thereof but may be subject to annual renewal. Each Lender shall be deemed to have purchased a participation in each Letter of Credit or LC Guaranty issued on behalf of any Borrower in an amount equal to such Lender's Aggregate Percentage thereof. Any amounts paid by Agent or any Lender under any LC Guaranty or in connection with any Letter of Credit shall be treated as Revolving Credit Loans, shall be secured

by all of the Collateral and shall bear interest and be payable at the same rate and in the same manner as Base Rate Revolving Credit Portions.

SECTION 2. INTEREST, FEES AND CHARGES

2.1 Interest

(a) Rates of Interest. Interest shall accrue on the principal amount of the Base Rate Revolving Credit Portion and the Base Rate Term Portion outstanding at the end of each day at a fluctuating rate per annum equal to the Applicable Margin plus the Base Rate. The foregoing rate of interest shall increase or decrease by an amount equal to any increase or decrease in the Base Rate, effective as of the opening of business on the day that any such change in the Base Rate occurs. If Borrowers properly exercise the LIBOR Option as provided in Section 2.3, interest shall accrue on the principal amount of the LIBOR Revolving Credit Portions and the LIBOR Term Portions outstanding at the end of each day at a rate per annum equal to the Applicable Margin plus the LIBOR Rate applicable to each LIBOR Portion for the corresponding LIBOR Period.

(b) Default Rate of Interest Upon and after the occurrence of an Event of Default, and during the continuation thereof, at the option of Agent or Majority Lenders, the principal amount of all Loans and all other amounts which are then due and payable shall bear interest at a rate per annum equal to 2.0% plus the interest rate otherwise applicable thereto (the "Default Rate").

(c) Maximum Interest. In no event whatsoever shall the aggregate of all amounts deemed interest hereunder or under the Term Notes and charged or collected pursuant to the terms of this Agreement or pursuant to the Term Notes exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If any provisions of this Agreement are in contravention of any such law, such provisions shall be deemed amended to conform thereto.

2.2 Computation of Interest and Fees.

Interest, Letter of Credit and LC Guaranty fees and unused line fees hereunder shall be calculated daily and shall be computed on the actual number of days elapsed over a year of 360 days. For the purpose of computing interest hereunder and under the Term Notes, all items of payment received by Agent shall be deemed applied by Agent on account of the Obligations (subject to final payment of such items) one Business Day after receipt by Agent of such items in Agent's account located in Chicago, Illinois.

2.3 LIBOR Option.

(a) Upon the conditions that: (1) Agent shall have received a LIBOR Request from Borrowing Agent at least 3 Business Days prior to the first day of the LIBOR Period requested, (2) there shall have occurred no change in applicable law which would make it unlawful for any Lender to obtain deposits of U.S. dollars in the London interbank foreign currency deposits market, (3) as of the date of the LIBOR Request and the first day of the

LIBOR Period, there shall exist no Default or Event of Default, (4) Agent is able to determine the LIBOR Rate in respect of the requested LIBOR Period, (5) each Lender is able to obtain deposits of U.S. dollars in the London interbank foreign currency deposits market in the applicable amounts and for the requested LIBOR Period, and (6) as of the first date of the LIBOR Period, there are no more than five outstanding LIBOR Portions including the LIBOR Portion being requested; then interest on the LIBOR Portion requested during the LIBOR Period requested will be based on the applicable LIBOR Rate.

(b) Each LIBOR Request shall be irrevocable and binding on the Borrowers. Borrowers shall indemnify jointly and severally each Lender for any loss, penalty or expense incurred by such Lender due to failure on the part of Borrowers to fulfill, on or before the date specified in any LIBOR Request, the applicable conditions set forth in this Agreement or due to the prepayment of the applicable LIBOR Portion prior to the last day of the applicable LIBOR Period, including, without limitation, any loss (excluding loss of anticipated profits) or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by any Lender to fund or maintain the requested LIBOR Portion.

(c) If any Legal Requirement shall (1) make it unlawful for any Lender to fund through the purchase of U.S. dollar deposits any LIBOR Portion or otherwise give effect to its obligations as contemplated under this Section 2.3, or (2) shall impose on any Lender any costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender which includes deposits by reference to which the LIBOR Rate is determined as provided herein or a category of extensions of credit or other assets of such Lender which includes any LIBOR Portion or (3) shall impose on any Lender any restrictions on the amount of such a category of liabilities or assets which such Lender may hold, then, in each such case, such Lender may, by notice thereof to Borrowing Agent, terminate the LIBOR Option. Any LIBOR Portion subject thereto shall immediately bear interest thereafter at the rate and in the manner provided for Base Rate Portions pursuant to subsection 2.1(a). Borrowers shall indemnify jointly and severally each Lender against any loss (excluding loss of anticipated profits), penalty or expense incurred by such Lender due to liquidation or redeployment of deposits or other funds acquired by such Lender to fund or maintain any LIBOR Portion that is terminated hereunder.

(d) Each Lender shall receive payments of amounts of principal of and interest with respect to the LIBOR Portions free and clear of, and without deduction for, any Taxes. If (1) any Lender shall be subject to any Tax in respect of any LIBOR Portion or any part thereof or, (2) any Borrower shall be required to withhold or deduct any Tax from any such amount, the LIBOR Rate applicable to such LIBOR Portion shall be adjusted by Agent on behalf of the affected Lender to reflect all additional costs incurred by such Lender in connection with the payment by such Lender or the withholding by any Borrower of such Tax and Borrowing Agent shall provide Agent and such Lender with a statement detailing the amount of any such Tax actually paid by any Borrower. Determination by Agent on behalf of a Lender of the amount of such costs shall, in the absence of manifest error, be conclusive. If after any such adjustment any part of any Tax paid by any Lender is subsequently recovered by such Lender, such Lender shall reimburse Borrowers to the extent of the amount so recovered. A certificate of an officer of such

Lender setting forth the amount of such recovery and the basis therefor shall, in the absence of manifest error, be conclusive.

2.4 Agent Fees.

Borrowers shall pay to Agent, for the respective accounts of Fleet and Agent, certain fees in the amounts and at the times, in each case as set forth in the Fee Letter.

2.5 Letter of Credit and LC Guaranty Fees.

Borrowers shall pay to Agent for the ratable benefit of Lenders:

(a) for standby Letters of Credit and LC Guaranties of standby Letters of Credit, 2.50% per annum of the aggregate face amount of such Letters of Credit and LC Guaranties outstanding from time to time during the term of this Agreement, plus all normal and customary charges associated with the issuance thereof; and

(b) for documentary Letters of Credit and LC Guaranties of documentary Letters of Credit, a fee equal to 2.50% per annum of the face amount of each such Letter of Credit or LC Guaranty, plus the normal and customary charges associated with the issuance thereof.

All of the foregoing Letter of Credit and LC Guaranty fees shall be payable monthly in arrears on the first day of each calendar month hereafter.

2.6 Unused Line Fee.

Borrowers shall pay to Agent for the ratable benefit of Lenders having a Revolving Loan Commitment monthly in arrears on the first day of each calendar month hereafter a fee equal to 1/2 of 1.0% per annum of the average daily amount determined for such month by which $4,000,000 exceeds the sum of the outstanding principal balance of the Revolving Credit Loans plus the LC Amount.

2.7 Capital Adequacy.

If any Lender shall have determined that the adoption after the date of this Agreement of any law, rule or regulation regarding capital adequacy, or any change after the date of this Agreement therein or in the interpretation or application thereof or compliance by any Lender with any request or directive after the date of this Agreement regarding capital adequacy (whether or not having the force of law) from any central bank or governmental authority, does or shall have the effect of reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy) by an amount reasonably deemed by such Lender to be material, then from time to time, after submission by such Lender to Agent and Borrowers of a written demand therefor, Borrowers shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction. A certificate of such Lender claiming entitlement to

payment as set forth above shall be conclusive in the absence of manifest error. Such certificate shall set forth the nature of the occurrence giving rise to such payment, the additional amount or amounts to be paid to such Lender, and the method by which such amounts were determined. In determining such amount, such Lender may use any reasonable averaging and attribution method.

2.8 Audit and Appraisal Fees.

Borrowers shall pay to Agent fees in connection with periodic visits to the places of business of the respective Borrowers to perform financial and collateral analysis an amount equal to $250 per day for each Person employed to perform each such analysis plus all out-of-pocket expenses incurred by Agent, provided, that, if an Event of Default exists, Borrowers shall also pay all out-of-pocket expenses of each Lender in connection with any such visits by such Lender. Audit fees shall be payable on the first day of the month following the date of issuance by Agent of a request for payment thereof to Borrowing Agent.

2.9 Reimbursement of Expenses.

If, at any time or times regardless of whether or not an Event of Default then exists, Agent, and, if an Event of Default exists, any Lender or any Participating Lender, incurs legal or accounting expenses or any other costs or out-of-pocket expenses in connection with (i) the negotiation and preparation of this Agreement or any of the other Loan Documents, any amendment of or modification of this Agreement or any of the other Loan Documents, or any sale or attempted sale of any interest herein to a Participating Lender; (ii) the administration of this Agreement or any of the other Loan Documents and the transactions contemplated hereby and thereby; (iii) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Agent, any Lender, any Borrower, any Guarantor or any other Person) in any way relating to the Collateral, this Agreement or any of the other Loan Documents or any Borrower's affairs; provided, that Borrowers shall have no obligation to Agent or any Lender pursuant to this clause (iii) with respect to any such expenses incurred as a result of the gross negligence or wilful misconduct of such Person as determined by a court of competent jurisdiction in a final judgment no longer subject to appeal; (iv) any attempt to enforce any rights of Agent, any Lender or any Participating Lender against any Borrower, any Guarantor or any other Person which may be obligated to any Lender by virtue of this Agreement or any of the other Loan Documents, including, without limitation, the Account Debtors; or (v) any attempt to inspect, verify, protect, preserve, restore, collect, sell, liquidate or otherwise dispose of or realize upon the Collateral; then all such legal and accounting expenses, other costs and out of pocket expenses of Agent, and, if an Event of Default exists, any Lender or any Participating Lender shall be charged to Borrowers. All amounts chargeable to Borrowers under this Section 2.9 shall be Obligations secured by all of the Collateral, shall be payable on demand to Agent for distribution, if applicable, to the applicable Lender or Participating Lender, and shall bear interest from the date such demand is made until paid in full at the rate applicable to Base Rate Revolving Credit Portions from time to time. Borrowers shall also reimburse Agent and each Lender for expenses incurred by Agent or such Lender in its administration of the Collateral to the extent and in the manner provided in Section 5 hereof.

2.10 Bank Charges.

Borrowers shall pay to Agent, on demand, for distribution to the applicable Lenders any and all fees, costs or expenses which any Lender or any Participating Lender pays to a bank or other similar institution (including, without limitation, any fees paid by any Lender to any other Lender or any Participating Lender) arising out of or in connection with (i) the forwarding to Borrowing Agent, any Borrower or any other Person on behalf of Borrowing Agent or any Borrower, by any Lender or any Participating Lender, of proceeds of the Loans or other extensions of credit made by any Lender to any Borrower pursuant to this Agreement and (ii) the depositing for collection, by any Lender or any Participating Lender, of any check or item of payment received or delivered to such Lender or such Participating Lender on account of the Obligations.

2.11 Payment of Charges

All amounts chargeable to Borrowers under subsections 2.3(b), (c) and (d) and Sections 2.7, 2.9 and 2.10 hereof shall be Obligations secured by all of the Collateral, shall be payable on demand and shall bear interest from the date of such demand until paid in full at the rate applicable to Base Rate Revolving Credit Portions from time to time.

SECTION 3. LOAN ADMINISTRATION

3.1 Manner of Borrowing Revolving Credit Loans

Borrowings under the credit facility established pursuant to Section 1 hereof shall be as follows:

(a) Loan Requests. A request for a Revolving Credit Loan shall be made, or shall be deemed to be made, in the following manner: (i) Borrowing Agent shall give Agent notice of any Borrower's intention to borrow, in which notice the Borrowing Agent shall specify the amount of the proposed borrowing (which shall be no less than $100,000 in the case of Base Rate Portions and $500,000 or a multiple of $100,000 in excess thereof in the case of LIBOR Portions) and the proposed borrowing date, no later than 11:00 a.m. Chicago, Illinois, time on the proposed borrowing date (or in accordance with Section 2.3 hereof in the case of a request for a LIBOR Portion), provided, however, that no such request may be made at a time when there exists a Default or an Event of Default; and (ii) the becoming due of any amount required to be paid under this Agreement or under the Term Notes, whether as interest or for any other Obligation, shall be deemed irrevocably to be a request for a Revolving Credit Loan on the due date in the amount required to pay such interest or other Obligation.

(b) Disbursement. The Borrowing Agent and each of the Borrowers hereby irrevocably authorize and direct Agent to disburse the proceeds of each Revolving Credit Loan requested, or deemed to be requested, pursuant to this subsection 3.1(b) as follows: (i) the proceeds of each Revolving Credit Loan requested under subsection 3.1(a)(i) shall be disbursed by Agent in lawful money of the United States of America in immediately available funds, in the case of the initial borrowing, in accordance with the terms of the written disbursement letter from Borrowing Agent, and in the case of each subsequent borrowing, by wire transfer to such bank

account as may be agreed upon by Borrowing Agent and Agent from time to time or elsewhere if pursuant to a written direction from the Borrowing Agent; and (ii) the proceeds of each Revolving Credit Loan requested under subsection 3.1(a)(ii) shall be disbursed by Agent by way of direct payment of the relevant interest or other Obligation.

(c) Payment by Lenders. Agent shall give to each Lender prompt written notice by facsimile, telex or cable of the receipt by Agent from Borrowing Agent of any request for a Revolving Credit Loan. Each such notice shall specify the requested date and amount of such Revolving Credit Loan, whether such Revolving Credit Loan shall be subject to the LIBOR Option, and the amount of each Lender's advance thereunder (in accordance with its applicable Revolving Loan Percentage). Each Lender shall, not later than 12:00 noon (Chicago time) on such requested date, wire to a bank designated by Agent the amount of that Lender's Revolving Loan Percentage of the requested Revolving Credit Loan. The failure of any Lender to make the Revolving Credit Loans to be made by it shall not release any other Lender of its obligations hereunder to make its Revolving Credit Loan. Neither Agent nor any other Lender shall be responsible for the failure of any other Lender to make the Revolving Credit Loan to be made by such other Lender. The foregoing notwithstanding, Agent in its sole discretion, may from its own funds, make a Revolving Credit Loan on behalf of any Lender hereto. In such event, the Lender on behalf of whom Agent made the Revolving Credit Loan shall reimburse Agent for the amount of such Revolving Credit Loan made on its behalf, on a weekly (or more frequent, as determined by Agent in its sole discretion) basis. The entire amount of interest attributable to such Revolving Credit Loan for the period from the date on which such Revolving Credit Loan was made by Agent on such Lender's behalf until Agent is reimbursed by such Lender, shall be paid to Agent for its own account.

(d) Authorization. Each of the Borrowers hereby irrevocably authorizes and directs Agent to advance to Borrowers, and to charge to the Loan Account hereunder as a Revolving Credit Loan, a sum sufficient to pay all interest accrued on the Obligations during the immediately preceding month and to pay all costs, fees and expenses at any time owed by Borrowers to Agent and any Lender hereunder.

(e) Letter of Credit and LC Guaranty Requests. A request for a Letter of Credit or LC Guaranty shall be made in the following manner: Borrowing Agent may give Agent a written notice of its request for the issuance of a Letter of Credit or LC Guaranty, not later than 11:00 a.m. Chicago, Illinois time, one Business Day before the proposed issuance date thereof, in which notice Borrowing Agent shall specify the proposed issuer and issuance date; provided, that no such request may be made at a time when there exists a Default or Event of Default. Such request shall be accompanied by an executed application and reimbursement agreement in form and substance satisfactory to the Person being asked to issue the Letter of Credit or LC Guaranty, as well as any required corporate resolutions.

(f) Method of Making Requests. As an accommodation to Borrowing Agent and Borrowers, unless a Default or an Event of Default is then in existence, (i) Agent shall permit telephonic requests for Revolving Credit Loans to Agent, (ii) Agent and Bank may, in their discretion, permit electronic transmittal of requests for Letters of Credit and LC Guaranties to such Persons and (iii) Agent may, in Agent's discretion, permit electronic transmittal of instructions, authorizations, agreements or reports to Agent. Unless Borrowing Agent or any

Borrower specifically directs Agent in writing not to accept or act upon telephonic or electronic communications from Borrowing Agent and/or such Borrower, Agent shall have no liability to such or any other Person for any loss or damage suffered by such Person as a result of Agent's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically or electronically and purporting to have been sent to Agent by such Person and Agent shall have no duty to verify the origin of any such communication or the authority of the person sending it. Each telephonic request for a Revolving Credit Loan, Letter of Credit or LC Guaranty accepted by Agent hereunder shall be promptly followed by a written confirmation of such request from the Borrowing Agent to Agent.

3.2 Payments.

Except where evidenced by notes or other instruments issued or made by Borrowers to Agent or any Lender and accepted by such Person specifically containing payment provisions which are in conflict with this Section 3.2 (in which event the conflicting provisions of said notes or other instruments shall govern and control), the Obligations shall be payable as follows:

(a) Principal. Principal payable on account of Revolving Credit Loans shall be payable by Borrowers to Agent for the ratable benefit of Lenders immediately upon the earliest of (i) the occurrence of an Event of Default in consequence of which Agent elects, pursuant to Section 3.4(b), to require Borrowers to maintain a Dominion Account, the receipt by Agent or any Borrower of any proceeds of any of the Collateral, to the extent of such proceeds; (ii) the occurrence of an Event of Default in consequence of which Agent elects to accelerate the maturity and payment of the Obligations, or (iii) termination of this Agreement pursuant to Section 4 hereof. Notwithstanding the foregoing, if an Overadvance shall exist at any time, Borrowers shall upon Agent's demand therefor repay such Overadvance.

(b) Interest. Interest accrued on Base Rate Portions and LIBOR Portions shall in each case be due and payable on the earliest of (1) the first calendar day of each month (for the immediately preceding month), computed through the last calendar day of the preceding month, (2) the occurrence of an Event of Default in consequence of which Agent elects to accelerate the maturity and payment of the Obligations or (3) termination of this Agreement pursuant to Section 4 hereof.

(c) Costs, Fees and Charges. Costs, fees and charges payable pursuant to this Agreement shall be payable by Borrowers as and when provided in Section 2 hereof, to Agent or to any other Person designated by Agent in writing.

(d) Other Obligations. The balance of the Obligations requiring the payment of money, if any, shall be payable by Borrowers to Agent as and when provided in this Agreement, the Other Agreements or the Security Documents, or on demand, whichever is later.

3.3 Prepayments.

(a) Proceeds of Sale, Loss, Destruction or Condemnation of Collateral. If any Borrower sells any of such Borrower's Equipment or real Property, or if any of the Collateral

is lost or destroyed or taken by condemnation, Borrowers shall pay to Agent for the ratable benefit of Lenders as and when received by or for the account of any Borrower and as a mandatory prepayment of the Term Loans, as herein provided, a sum equal to the proceeds (including insurance payments) from such sale, loss, destruction or condemnation, provided, that no such mandatory prepayment shall be required to the extent the proceeds of any such sales, losses, destructions or condemnations do not exceed $100,000 in the aggregate for all Borrowers combined in any fiscal year of the Consolidated Entity. To the extent that the Collateral so sold, lost, destroyed or condemned consists of Equipment or real Property of any Borrower, the applicable prepayment shall be applied, first, to the installments of principal under the Term Notes, ratably, in the inverse order of their maturities until paid in full and, second, to reduce the outstanding principal balance of the Revolving Credit Loans. To the extent that the Collateral so sold, lost, destroyed or condemned consists of Accounts, Inventory or other Property of any Borrower (other than such Borrower's Equipment or real Property), the applicable prepayment shall be applied to reduce the outstanding principal balance of the Revolving Credit Loans. Notwithstanding the foregoing, if the proceeds of insurance with respect to any loss or destruction of Equipment, Inventory or real Property of all Borrowers combined (i) are less than $250,000, unless an Event of Default is then in existence, Agent shall remit such proceeds to Borrowing Agent for use in replacing or repairing the damaged Collateral or (ii) are equal to or greater than $250,000 and Borrowing Agent has requested that Agent agree to permit the applicable Borrower or Borrowers to repair or replace the damaged Collateral, such amounts shall be provisionally applied to reduce the outstanding principal balance of the Revolving Credit Loans until the earlier of Agent's decision with respect thereto or the expiration of 30 days from such request. If Agent agrees, in its reasonable judgment, to permit such repair or replacement under the foregoing clause (ii), such amount shall, unless an Event of Default is in existence, be remitted to Borrowing Agent for use in replacing or repairing the damaged Collateral; if Agent declines to permit such repair or replacement or does not respond to Borrowing Agent within such 30 day period, such amount shall be applied, first, to the installments of principal under the Term Notes, ratably, in the inverse order of their maturities until paid in full and, second, to reduce the outstanding principal balance of the Revolving Credit Loans.

(b) Excess Cash Flow Recapture. Borrowers shall prepay the Term Notes in amounts equal to Excess Cash Flow with respect to each fiscal year of the Consolidated Entity during the Term hereof, such prepayments to be based upon, and made within 2 Business Days following the due date for delivery by Borrowers to Agent of, the annual financial statements required by subsection 7.1(c)(i) hereof and each such prepayment shall be applied to the installments of principal under the Term Notes, on a pro rata basis to each such installment until paid in full; provided, that, notwithstanding the foregoing, (i) no such prepayment of the Term Loan shall be required with respect to Excess Cash Flow for the fiscal year of the Consolidated Entity ending as of December 31, 1998; and (ii) any such prepayment with respect to Excess Cash Flow for the fiscal year of the Consolidated Entity ending as of December 31, 1999, shall be determined based on Excess Cash Flow as reflected in the audited Consolidated financial statements of the Consolidated Entity for the period commencing on the Amendment Effective Date and ending on December 31, 1999.

(c) Optional Prepayments. Borrowers may, at their option from time to time, prepay installments of the Term Notes, provided, that such prepayments are made ratably

with respect to all Term Notes. Any such optional prepayment shall be credited against the amount of the mandatory prepayment required under subsection 3.3(b) for the fiscal year in which such optional prepayment was made. Except for charges under subsection 2.3(b) applicable to prepayments of LIBOR Term Portions and charges payable under subsection 4.2(c) in case of prepayment in full in connection with a termination, such prepayments shall be without premium or penalty.

3.4 Accounts Receivable Management.

(a) Post-Default Account Verification. Following the occurrence and during the continuation of an Event of Default, any of Agent's officers, employees or agents shall have the right, at any time or times hereafter during normal business hours, in the name of Agent, any designee of Agent or any Borrower, to verify the validity, amount or any other matter relating to any Accounts of such Borrower by mail, telephone, telegraph or otherwise. Each Borrower shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process. Agent will notify Borrowing Agent of the procedure or procedures Agent intends to use in making such verification during any period when no Default or Event of Default exists and will only use such procedures during such periods. Agent will not be obligated to notify Borrowing Agent of such Account verification, and Agent may use any method or procedure for Account verification at any time a Default of Event of Default exists.

(b) Dominion of Cash. Prior to the occurrence of an Event of Default, each Borrower shall maintain dominion over its cash receipts. At any time after the occurrence and during the continuance of an Event of Default, Agent may request, and each Borrower shall at all times thereafter maintain a Dominion Account pursuant to a lockbox arrangement acceptable to Agent with such banks as may be selected by such Borrower and be acceptable to Agent. Each Borrower shall issue to any such banks an irrevocable letter of instruction directing such banks to deposit all payments or other remittances received in such Borrower's lockbox to the Dominion Account for application on account of the Obligations. All funds deposited in the Dominion Account shall immediately become the property of Agent and each Borrower shall obtain the agreement by such banks in favor of Agent to waive any offset rights against the funds so deposited. Agent assumes no responsibility for such lockbox arrangement, including, without limitation, any claim of accord and satisfaction or release with respect to deposits accepted by any bank thereunder.

(c) Collection of Accounts, Proceeds of Collateral. To expedite collection, each Borrower shall endeavor in the first instance to make collection of its Accounts for Agent. If at the time of receipt by any Borrower thereof a Dominion Account exists as provided in subsection 3.4(b) hereof, all remittances received by such Borrower on account of its Accounts, together with the proceeds of any other Collateral, shall be held as Agent's property by such Borrower as trustee of an express trust for Agent's and Lender's benefit and such Borrower shall immediately deposit same in kind in the Dominion Account. Agent retains the right at all times after the occurrence of a Default or an Event of Default to notify Account Debtors that a Borrower's Accounts have been assigned to Agent and to collect Accounts directly in its own name and to charge the collection costs and expenses, including attorneys' fees, to Borrowers.

3.5 Application of Payments and Collections.

All items of payment received by Agent by 12:00 noon, Chicago, Illinois, time, on any Business Day shall be deemed received on that Business Day. All items of payment received after 12:00 noon, Chicago, Illinois, time, on any Business Day shall be deemed received on the following Business Day. Each Borrower irrevocably waives the right, during any period for which an Event of Default exists, to direct the application by Agent of any and all payments and collections at any time or times hereafter received by Agent or any Lender from or on behalf of such or any other Borrower, and each Borrower does hereby irrevocably agree that, subject to subsection 3.2(a)(i), Agent shall have the continuing exclusive right to apply and reapply any and all such payments and collections received at any time or times hereafter by Agent, any Lender or any of their respective agents against the Obligations, in such manner as Agent may deem advisable, notwithstanding any entry by Agent or any Lender upon any of its books and records. If, as the result of collections of Accounts as authorized herein, a credit balance exists in the Loan Account, such credit balance shall not accrue interest in favor of Borrowers, but shall be available to Borrowers at any time or times for so long as no Default or Event of Default exists. Such credit balance shall not be applied or be deemed to have been applied as a prepayment of the Term Loans, except that the Agent or Majority Lenders may, at their option, offset such credit balance against any of the Obligations upon and during the continuance of an Event of Default.

3.6 All Loans to Constitute One Obligation; Joint and Several Liability.

The Loans shall constitute one general Obligation of Borrowers, and shall be secured by Agent's Lien for the ratable benefit of Agent and Lenders upon all of the Collateral. Each of the Borrowers shall be irrevocably and unconditionally jointly and severally liable hereunder and under each of the other Loan Documents with respect to all Obligations, regardless of which of the Borrowers actually receives the proceeds of the Loans or the benefit of any other extensions of credit hereunder or the manner in which Borrowing Agent, Borrowers, Agent or any Lender accounts therefor in their respective books and records. Notwithstanding the foregoing, (a) each Borrower's obligations and liabilities with respect to proceeds of Loans which it receives or Letters of Credit or LC Guaranties issued for its account, and related fees, costs and expenses, and (b) its obligations and liabilities arising as a result of the joint and several liability of Borrowers hereunder with respect to proceeds of Loans received by, or Letters of Credit or LC Guaranties issued for the account of, any of the other Borrowers, together with the related fees, costs and expenses, shall be separate and distinct obligations, both of which are primary obligations of such Borrower. Neither the joint and several liability of, nor the Liens granted to Agent hereunder and under the other Loan Documents by, any Borrower shall be impaired or released by any action or inaction on Agent's or any Lender's part, or any other event or condition with respect to any other Borrower, including any such action or inaction or other event or condition, which might otherwise constitute a defense available to, or a discharge of, such Borrower, or a guarantor or surety of or for any or all of the Obligations.

3.7 Loan Account.

Agent shall enter all Loans as debits to a loan account (the "Loan Account") and shall also record in the Loan Account all payments made by Borrowers on any Obligations and all proceeds of Collateral which are finally paid to Agent for the ratable benefit of Agent and Lenders, and may record therein, in accordance with customary accounting practice, other debits and credits, including interest and all charges and expenses properly chargeable to Borrowers.

3.8 Statements of Account.

Agent will account to Borrowing Agent monthly with a statement of Loans, charges and payments made pursuant to this Agreement, and such account rendered by Agent shall be deemed final, binding and conclusive upon Borrowers absent manifest error unless Agent is notified by Borrowing Agent in writing to the contrary within 30 days of the date each accounting is mailed to Borrowing Agent. Such notice shall only be deemed an objection to those items specifically objected to therein.

3.9 Sharing of Payments, Etc.

If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Loan made by it in excess of its ratable share of payments on account of Loans made by all Lenders, such Lender shall forthwith purchase from each other Lender such participation in such Loan as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each other Lenders; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 3.9 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation. Notwithstanding anything to the contrary contained herein, all purchases and repayments to be made under this Section 3.9 shall be made through Agent.

SECTION 4. TERM AND TERMINATION

4.1 Term of Agreement.

Subject to the right of Lenders to cease making Loans to Borrowers upon or after the occurrence and during the continuance of any Default or Event of Default, this Agreement shall be in effect for a period of six years from the date hereof, through and including January 8, 2004 (the "Term"), unless terminated as provided in Section 4.2 hereof.

4.2 Termination.

(a) Termination by Agent. Agent may terminate this Agreement without notice upon or after the occurrence and during the continuance of an Event of Default.

(b) Termination by Borrowers. Upon at least 30 days' prior written notice from Borrowing Agent to Agent, Borrowers may, at their option, terminate this Agreement; provided, that, no such termination shall be effective until Borrowers have paid all then current Obligations in immediately available funds and all Letters of Credit and LC Guaranties have expired or have been cash collateralized to Agent's satisfaction. Any notice of termination given by Borrowing Agent shall be irrevocable after 20 days unless Agent otherwise agrees in writing, and if irrevocable neither Agent nor any Lender shall have any obligation to make any Loans or issue or procure any Letters of Credit or LC Guaranties on or after the termination date stated in such notice. Borrowers may elect to terminate this Agreement in its entirety only. No section of this Agreement or type of Loan available hereunder may be terminated singly.

(c) Termination Charges. At the effective date of termination of this Agreement for any reason prior to the last day of the Term, Borrowers shall pay to Agent for the ratable benefit of Lenders (in addition to the then outstanding principal, accrued interest and other charges owing under the terms of this Agreement and any of the other Loan Documents) as liquidated damages for the loss of the bargain and not as a penalty, an amount equal to (i) if such termination occurs on or prior to January 8, 2001, the product obtained by multiplying (x) 1% by (y) the sum of $11,000,000, plus the aggregate Revolving Loan Commitments in effect on the date on which notice of termination is given and (ii) if such termination occurs after January 8, 2001 but prior to the last day of the Term, the product obtained by multiplying (x) 1% by (y) the sum of the aggregate outstanding principal balance of the Term Loans plus the aggregate Revolving Loan Commitments, in each case on the date on which notice of termination is given. Agent and Lenders hereby acknowledge and agree that no fee shall be payable pursuant to this Section 4.2(c) as a result of the transactions contemplated by the Integra Acquisition Documents.

(d) Effect of Termination. All of the Obligations shall be immediately due and payable upon the termination date stated in any notice of termination of this Agreement. All undertakings, agreements, covenants, warranties and representations of the respective Borrowers contained in the Loan Documents shall survive any such termination and Agent shall retain its Liens in the Collateral and Agent and each Lender shall retain all of its rights and remedies under the Loan Documents notwithstanding such termination until all then current Obligations have been discharged or paid, in full, in immediately available funds, together with the applicable termination charge, if any. Notwithstanding such payment in full of all then current Obligations, Agent shall not be required to terminate its security interests in the Collateral unless, with respect to any loss or damage Agent could reasonably be expected to incur as a result of dishonored checks or other items of payment received by Agent from any Borrower or any Account Debtor and applied to the Obligations, Agent shall, at its option, (i) have received a written agreement, executed by Borrowers jointly and severally, and by any Person whose loans or other advances to Borrowers are used in whole or in part to satisfy the Obligations, indemnifying Agent and each such Lender from any such loss or damage; or (ii) have retained such monetary reserves and Liens on the Collateral for such period of time as Agent, in its reasonable discretion, may deem necessary to protect Lender and each Lender from any such loss or damage.

SECTION 5. SECURITY INTERESTS

5.1 Security Interest in Collateral.

To secure the prompt payment and performance to Agent and each Lender of the Obligations, each Borrower hereby grants to Agent for the benefit of itself and each Lender a continuing Lien upon all of such Borrower's assets, including all of the following Property and interests in Property of such Borrower, whether now owned or existing or hereafter created, acquired or arising and wheresoever located:

(i) Accounts;

(ii) Inventory;

(iii) Equipment;

(iv) General Intangibles;

(v) Investment Property;

(vi) All monies and other Property of any kind now or at any time or times hereafter in the possession or under the control of Agent or any Lender or a bailee or Affiliate of Agent or any Lender;

(vii) All accessions to, substitutions for and all replacements, products and cash and non-cash proceeds of (i) through (vi) above, including, without limitation, proceeds of and unearned premiums with respect to insurance policies insuring any of the Collateral; and

(viii) All books and records (including, without limitation, customer lists, credit files, computer programs, print-outs, and other computer materials and records) of such Borrower pertaining to any of (i) through (vii) above.

5.2 Lien Perfection; Further Assurances.

Each Borrower shall execute such UCC-1 financing statements as are required by the Code and such other instruments, assignments or documents as are necessary to perfect Agent's Lien upon any of the Collateral and shall take such other action as may be required to perfect or to continue the perfection of Agent's Lien upon the Collateral; provided, that until the earlier to occur of (i) 30 days' following the date on which the aggregate value of Off-Site Inventory shall exceed $750,000 and (ii) the occurrence of a Default or an Event of Default and receipt by Borrowing Agent of Agent's request therefor, Borrowers shall not be required to perfect or continue Agent's Lien on Collateral consisting of Off-Site Inventory, provided, further, that, Off-Site Inventory shall remain subject at all times to all eligibility requirements set forth in the definition of the term Eligible Inventory set forth herein for purposes of determining the eligibility of such Inventory for inclusion in the calculation of the Borrowing Base hereunder. Unless prohibited by applicable law, each Borrower hereby authorizes Agent to execute and file any such financing statement on such Borrower's behalf. The parties agree that a carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement

and may be filed in any appropriate office in lieu thereof. At Agent's request, Borrowers shall also promptly execute or cause to be executed and shall deliver to Agent any and all documents, instruments and agreements deemed necessary by Agent to give effect to or carry out the terms or intent of the Loan Documents.

5.3 Safekeeping of Collateral.

Neither Agent nor any Lender shall be liable or responsible in any way for the safekeeping of any of the Collateral or for any loss or damage thereto (except for reasonable care in the custody thereof while any Collateral is in such Person's actual possession) or for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency, or other Person whomsoever, but the same shall be at Borrowers' sole risk.

SECTION 6. REPRESENTATIONS AND WARRANTIES

6.1 General Representations and Warranties

To induce Agent and each Lender to enter into this Agreement and to make advances hereunder, Borrowers, jointly and severally, warrant, represent and covenant to Agent and each Lender that:

(a) Organization and Qualification. Each of Redmond and Integra is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Each other Borrower and each of their respective Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Each Borrower and each of their respective Subsidiaries is duly qualified and is authorized to do business and is in good standing as a foreign limited liability company or corporation, as applicable, in each state or jurisdiction listed on Schedule 6.1(a) hereto and in all other states and jurisdictions in which the failure of any such Person to be so qualified would be reasonably likely to have a Material Adverse Effect.

(b) Power and Authority. Each Borrower is duly authorized and empowered to enter into, execute, deliver and perform this Agreement and each of the other Loan Documents to which it is a party. The execution, delivery and performance of this Agreement and each of the other Loan Documents have been duly authorized by all necessary member or corporate action, as the case may be, and do not and will not (i) require any consent or approval of the respective members of Integra or Redmond or the respective shareholders of any other Borrower or any of each of their respective Subsidiaries; (ii) contravene the Integra Constituent Documents, the Redmond Constituent Documents or any other Borrower's or any of their respective Subsidiaries' charter, articles or certificate of incorporation or by-laws; (iii) violate, or cause any Borrower or any of their respective Subsidiaries to be in default under, any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award in effect having applicability to such Borrower or any such Subsidiary, the violation of which would be reasonably likely to have a Material Adverse Effect; (iv) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which any Borrower or any of their respective Subsidiaries is a party or by which it or its Properties may be bound or affected; or (v) result in, or require, the creation or

imposition of any Lien (other than Permitted Liens) upon or with respect to any of the Properties now owned or hereafter acquired by any Borrower or any of their respective Subsidiaries.

(c) Legally Enforceable Agreement. This Agreement is, and each of the other Loan Documents when delivered under this Agreement will be, a legal, valid and binding obligation of each of Borrower and each of their respective Subsidiaries party thereto, enforceable against it in accordance with its respective terms.

(d) Capital Structure. Schedule 6.1(d) hereto states (i) the correct name of each of the Subsidiaries of each Borrower, its jurisdiction of organization and the percentage of its Voting Equity Interests owned by the relevant Borrower, (ii) the names of each Borrower's corporate or joint venture Affiliates and the nature of the affiliation, (iii) the number, nature and holder of all issued, outstanding and treasury shares or partnership, member or other equity interests, as the case may be, of each other Borrower and each Subsidiary of each Borrower. Each Borrower has good title to all of the shares or partnership, member or other equity interests, as the case may be, it purports to own of the capital stock of each of its Subsidiaries, free and clear in each case of any Lien other than Permitted Liens. All such shares and partnership, member and other equity interests, as the case may be, have been duly issued and are fully paid and non-assessable. Except as set forth on Schedule 6.1(d), there are no outstanding options to purchase, or any rights or warrants to subscribe for, or any commitments or agreements to issue or sell, or any Securities or obligations convertible into, or any powers of attorney relating to, shares or partnership, member or other equity interests, as the case may be, of the capital stock of any Borrower or any Subsidiary of any Borrower. There are no outstanding agreements or instruments binding upon any of any Borrower's shareholders, partners or members, as applicable, relating to the ownership of its shares of capital stock or partnership, member or other equity interests, as the case may be.

(e) Corporate Names. No Borrower and no Subsidiary of any Borrower has been known as or used any corporate, fictitious or trade names except those listed on Schedule 6.1(e) hereto. Except as set forth on Schedule 6.1(e), during the immediately preceding 5-year period, no Borrower and no Subsidiary of any Borrower has been the surviving corporation of a merger or consolidation or has acquired all or substantially all of the assets of any Person.

(f) Business Locations; Agent for Process. Each Borrower's and each of their respective Subsidiaries' chief executive office and other places of business are as listed on Schedule 6.1(f) hereto. During the preceding one-year period, no Borrower and none of their respective Subsidiaries has had an office, place of business or agent for service of process other than as listed in Part I of Schedule 6.1(f). Except for (i) Inventory of any Borrower in transit, (ii) Inventory of any Borrower consisting of motor vehicles, (iii) Inventory of any Borrower from time to time located on the premises of one or more of such Borrower's customers in accordance with such Borrower's usual and customary business practices in effect on the date hereof ("Off-Site Inventory"), and (iv) Inventory of any Borrower consisting of samples from time to time in the possession of such Borrower's salespersons in the ordinary course of such Borrower's business, all Collateral is and will at all times be kept by each Borrower and each Subsidiary of each Borrower at one or more of the locations set forth in Part I of Schedule 6.1(f), as updated from time to time by Borrowers, and shall not, without the prior written approval of Agent, be moved therefrom except, prior to an Event of Default and Agent's acceleration of the maturity of

the Obligations in consequence thereof, for sales of Inventory in the ordinary course of business. As of the Amendment Effective Date, the aggregate value of all Off-Site Inventory does not exceed $750,000. If the aggregate value of the Off-Site Inventory exceeds $750,000, the Borrowing Agent shall promptly notify Agent thereof and take any actions with respect thereto required pursuant to Section 5.2. Off-Site Inventory shall at all times be at one or more of the locations set forth in Part II of Schedule 6.1(f), as updated from time to time (and, in any event, at least annually) by Borrowers. Except as shown on Part III of Schedule 6.1(f), no Inventory is stored with a bailee, warehouseman or similar party, nor is any Inventory consigned to any Person

(g) Title to Properties; Priority of Liens. Each Borrower and each of their respective Subsidiaries has good, indefeasible and marketable title to and fee simple ownership of, or valid and subsisting leasehold interests in, all of its real Property, and good title to all of the Collateral and all of its other Property, in each case, free and clear of all Liens except Permitted Liens. Each Borrower has paid or discharged all lawful claims which, if unpaid, might become a Lien against any of such Borrower's Properties that is not a Permitted Lien. The Liens granted to Agent under Section 5 hereof are first priority Liens, subject only to Permitted Liens.

(h) Accounts. Unless otherwise indicated in writing to Agent, with respect to each Account reflected as an Eligible Account in the most recent borrowing base certificate submitted to Agent pursuant to subsection 7.1(d) hereof:

(i) It is genuine and in all respects what it purports to be, and it is not evidenced by a judgment;

(ii) It arises out of a completed, bona fide sale and delivery of goods or rendition of services by a Borrower in the ordinary course of its business and in accordance with the terms and conditions of all purchase orders, contracts or other documents relating thereto and forming a part of the contract between such Borrower and the Account Debtor and the Account Debtor is not an Affiliate of any Borrower;

(iii) It is for a liquidated amount maturing as stated in the duplicate invoice covering such sale or rendition of services, a copy of which has been furnished or is available to Agent;

(iv) Agent's Lien thereon, is not, and will not (by voluntary act or omission of any Borrower) be in the future, subject to any offset, Lien, deduction, defense, dispute, counterclaim or any other adverse condition;

(v) Such Account is not, and will not (by voluntary act or omission of any Borrower) be in the future, subject to any offset, deduction, defense, dispute, counterclaim or any other adverse condition, and such Account is absolutely owing to a Borrower and is not contingent in any respect or for any reason;

(vi) No Borrower has made any agreement with the Account Debtor thereunder for any extension, compromise, settlement or modification of such Account or any deduction therefrom, except discounts or allowances which are granted by a Borrower in the

ordinary course of its business for prompt payment and which are reflected in the calculation of the net amount of each respective invoice related thereto and are reflected in the most recent borrowing base certificates submitted to Agent pursuant to subsection 7.1(d) hereof;

(vii) There are no facts, events or occurrences which impair in any material respect the validity or enforceability of such Account or could reasonably be expected to reduce the amount payable thereunder from the face amount of the invoice and statements delivered to Agent with respect thereto;

(viii) To each Borrower's knowledge, the Account Debtor thereunder (1) had the capacity to contract at the time any contract or other document under which such Account arose was executed and (2) such Account Debtor is Solvent; and

(ix) To each Borrower's knowledge, there are no proceedings or actions which are threatened or pending against any Account Debtor thereunder which could reasonably be expected to result in any material adverse change in such Account Debtor's financial condition or the collectibility of such Account.

(i) Equipment. All of the Equipment is in good operating condition and repair.

(j) Financial Statements; Fiscal Year. Borrowers have previously delivered or caused to be delivered to Agent the following:

(i) the pro forma balance sheet of the Consolidated Entity dated as of the Amendment Effective Date and prepared on the basis of the financial statements of the Consolidated Entity (as defined in the Original Loan Agreement) as at December 31, 1998, as adjusted to reflect the respective transactions contemplated by the Integra Acquisition Documents (the "Pro Forma"); and

(ii) the audited Consolidated and Consolidating financial statements of the "Consolidated Entity" (as defined in the Original Loan Agreement) as of December 31, 1998.

The Pro Forma and the Financial Statements have each been prepared in accordance with GAAP and present fairly in all material respects the respective financial positions of the Persons covered thereby at the dates indicated and, in the case of the Financial Statements, the results of such Persons' operations for the fiscal year then ended. Since December 31, 1998, there has been no material change in the condition, financial or otherwise, of any Borrower and no decrease in the aggregate value of Equipment and real Property owned by Borrowers or such other Persons, except changes in the ordinary course of business, none of which individually or in the aggregate has been materially adverse. The fiscal year of the Consolidated Entity ends on December 31 of each year.

(k) Full Disclosure. The financial statements referred to in subsection 6.1(j) hereof do not, nor does this Agreement or any other written statement of any Borrower to Agent or any Lender, contain any untrue statement of a material fact or, to any Borrower's knowledge omit a material fact necessary to make the statements contained therein or herein not misleading.

Except as set forth on Schedule 6.1(k) hereto, to each Borrower's knowledge, there are no facts which such or any other Borrower has failed to disclose to Agent in writing which singly or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(l) Solvent Financial Condition. Each Borrower and each of their respective Subsidiaries is now and, after giving effect to the Loans to be made hereunder, at all times will be, Solvent.

(m) Surety Obligations. No Borrower and none of their respective Subsidiaries is obligated as surety or indemnitor under any surety or similar bond or other contract issued or entered into to assure payment, performance or completion of performance of any undertaking or obligation of any Person.

(n) Taxes. The federal tax identification number of each Borrower and each Subsidiary of each Borrower is shown on Schedule 6.1(n) hereto. Each Borrower and each of its Subsidiaries has filed all federal, state and local tax returns and other reports it is required by law to file, except where the failure to so file such tax return would not be reasonably likely to have a Material Adverse Effect, and has paid, or made provision for the payment of, all taxes, assessments, fees, levies and other governmental charges upon it, its income and Properties as and when such taxes, assessments, fees, levies and charges are due and payable, unless and to the extent any thereof are being actively contested in good faith and by appropriate proceedings and each Borrower maintains reasonable reserves on its books therefor. The provision for taxes on the books of each Borrower and each of their respective Subsidiaries is adequate for all years not closed by applicable statutes, and for the current fiscal year.

(o) Brokers. Except as set forth on Schedule 6.1(o) hereto, there are no claims for brokerage commissions, finder's fees or investment banking fees in connection with the transactions contemplated by this Agreement.

(p) Patents, Trademarks, Copyrights and Licenses. Each Borrower and each of their respective Subsidiaries owns or possesses all the patents, trademarks, service marks, trade names, copyrights and licenses necessary for the present and planned future conduct of its business without any known conflict with the rights of others except where the failure to own or possess such property, or the existence of such conflict, would not be reasonably likely to have a Material Adverse Effect. All such patents, trademarks, service marks, tradenames, copyrights, licenses and other similar rights are listed on Schedule 6.1(p) hereto.

(q) Governmental Consents. Each Borrower and each of their respective Subsidiaries has, and is in good standing with respect to, all governmental consents, approvals, licenses, authorizations, permits, certificates, inspections and franchises necessary to continue to conduct its business as heretofore or proposed to be conducted by it and to own or lease and operate its Properties as now owned or leased by it, except where the failure to possess or so maintain such rights would not be reasonably likely to have a Material Adverse Effect.

(r) Compliance with Laws. Each Borrower and each of their respective Subsidiaries has duly complied with, and its Properties, business operations and leaseholds are in compliance in all material respects with, the provisions of all federal, state and local laws, rules

and regulations applicable to such Borrower or such Subsidiary, as applicable, its Properties or the conduct of its business and there have been no citations, notices or orders of noncompliance issued to such Borrower or any of its Subsidiaries under any such law, rule or regulation, except where such noncompliance is not reasonably likely to have a Material Adverse Effect. Each Borrower and each of their respective Subsidiaries has established and maintains an adequate monitoring system to insure that it remains in compliance in all material respects with all federal, state and local laws, rules and regulations applicable to it. No Inventory has been produced in violation of the Fair Labor Standards Act (29 U.S.C. Section 201 et seq.), as amended.

(s) Restrictions. No Borrower and none of their respective Subsidiaries is a party or subject to any contract, agreement, or charter or other corporate restriction, which materially and adversely affects its business or the use or ownership of any of its Properties. No Borrower and none of their respective Subsidiaries is a party or subject to any contract or agreement which restricts its right or ability to incur Indebtedness, other than as set forth on Schedule 6.1(s) hereto, none of which prohibit the execution of or compliance with this Agreement or the other Loan Documents by Borrower or any of their respective Subsidiaries, as applicable.

(t) Litigation. Except as set forth on Schedule 6.1(t) hereto, there are no actions, suits, proceedings or investigations pending, or to the knowledge of any Borrower, threatened, against or affecting any Borrower or any of their respective Subsidiaries, or the business, operations, Properties, prospects, profits or condition of any Borrower or any of their respective Subsidiaries which, if adversely decided, could reasonably be expected to have a Material Adverse Effect. No Borrower and no Subsidiary of any Borrower is in default with respect to any order, writ, injunction, judgment, decree or rule of any court, governmental authority or arbitration board or tribunal.

(u) No Defaults. No event has occurred and no condition exists which would, upon or after the execution and delivery of this Agreement or any Borrower's performance hereunder, constitute a Default or an Event of Default. No Borrower and none of their respective Subsidiaries is in default in (and no event has occurred and no condition exists which constitutes, or which with the passage of time or the giving of notice or both would constitute, a default in) the payment of any Indebtedness to any Person for Money Borrowed.

(v) Leases. Schedule 6.1(v) hereto is a complete listing of all capitalized leases of each Borrower and their respective Subsidiaries and Schedule 6.1(v) hereto is a complete listing of all operating leases of each Borrower and their respective Subsidiaries. Each Borrower and each of their respective Subsidiaries is in full compliance with all of the terms of each of its respective capitalized and operating leases, except where the failure to so comply would not reasonably be likely to cause a Material Adverse Effect.

(w) Pension Plans. Except as disclosed on Schedule 6.1(w) hereto, no Borrower and none of their respective Subsidiaries has any Plan. Except as disclosed on Schedule 6.1(w) hereto, each Borrower and each of their respective Subsidiaries is in full compliance with the requirements of ERISA and the regulations promulgated thereunder with respect to each Plan, except where the failure to so comply would not be reasonably likely to have a Material Adverse Effect. No fact or situation that could result in a material adverse

change in the financial condition of any Borrower or any of their respective Subsidiaries exists in connection with any Plan. No Borrower and none of their respective Subsidiaries has any material withdrawal liability in connection with a Multiemployer Plan.

(x) Trade Relations. To the knowledge of any Borrower, there exists no actual or threatened termination, cancellation or limitation of, or any modification or change in, the business relationship between any Borrower or any of their respective Subsidiaries and any customer or any group of customers whose purchases individually or in the aggregate are material to the business of any Borrower or any of their Subsidiaries, or with any material supplier, except in each case, where the same singly or in the aggregate could not reasonably be expected to have a Material Adverse Effect, and to the knowledge of any Borrower, there exist no present conditions or states of facts or circumstances which singly or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(y) Labor Relations. Except as described on Schedule 6.1(y) hereto, no Borrower and none of their respective Subsidiaries is a party to any collective bargaining agreement. There are no material grievances, disputes or controversies with any union or any other organization of any Borrower's or any of their respective Subsidiaries' employees, or threats of strikes, work stoppages or any asserted pending demands for collective bargaining by any union or organization, except those that would not be reasonably likely to have a Material Adverse Effect.

6.2 Continuous Nature of Representations and Warranties

Each representation and warranty contained in this Agreement and the other Loan Documents shall be continuous in nature and shall remain accurate, complete and not misleading at all times during the term of this Agreement, except for changes in the nature of the business or operations of any Borrower or any Subsidiary of any Borrower that would render the information in any exhibit attached hereto or any other Loan Document either inaccurate, incomplete or misleading, so long as Agent has consented to such changes or such changes are expressly permitted by this Agreement.

6.3 Survival of Representations and Warranties.

All representations and warranties of Borrowers contained in this Agreement or any of the other Loan Documents shall survive the execution, delivery and acceptance thereof by Lenders and the parties thereto and the closing of the transactions described therein or related thereto.

SECTION 7. COVENANTS AND CONTINUING AGREEMENTS

7.1 Affirmative Covenants.

During the term of this Agreement, and thereafter for so long as there are any Obligations outstanding (other than Obligations in the nature of indemnities which survive payment in full of the Obligations, but which are not yet due and payable on the Termination Date), Borrowers covenant that, unless otherwise consented to by Majority Lenders in writing, they shall:

(a) Visits and Inspections. Permit representatives of Agent (at Borrowers' expense), or any Lender (at such Lender's expense unless an Event of Default exists, in which event at Borrowers' expense) from time to time, as often as may be reasonably requested, but only during normal business hours, to visit and inspect the Properties of Borrowers and each of their respective Subsidiaries, inspect, audit and make extracts from their respective books and records, and discuss with their respective officers, employees and independent accountants, the business, assets, liabilities, financial condition, business prospects and results of operations of each Borrower and each Subsidiary of each Borrower.

(b) Notices. Promptly notify Agent in writing of the occurrence of any event or the existence of any fact which renders any representation or warranty in this Agreement or any of the other Loan Documents inaccurate, incomplete or misleading in any material respect.

(c) Financial Statements. Keep, and cause each of their Subsidiaries to keep, adequate records and books of account with respect to its business activities in which proper entries are made in accordance with GAAP reflecting all its financial transactions; and cause to be prepared and furnished to Agent and each Lender the following (all to be prepared in accordance with GAAP applied on a consistent basis, unless Borrowers' certified public accountants concur in any change therein and such change is disclosed to Agent and is consistent with GAAP):

(i) not later than 90 days after the close of each fiscal year of the Consolidated Entity, unqualified (except for a qualification for a change in accounting principles with which the accountant concurs) audited financial statements of the Consolidated Entity as of the end of such year, on a Consolidated basis, certified by a firm of independent certified public accountants of recognized national standing;

(ii) not later than 30 days after the end of each month hereafter (or, in the case of the last month in each fiscal quarter of the Consolidated Entity, 45 days after the end of each such month), including the last month of the Consolidated Entity's fiscal year, unaudited interim financial statements of the Consolidated Entity as of the end of such month and of the portion of the Consolidated Entity's fiscal year then elapsed, on a Consolidated and consolidating basis, certified by the principal financial officer of Holding as prepared in accordance with GAAP and fairly presenting in all material respects the Consolidated financial position and results of operations of the Consolidated Entity for such month and period subject only to changes from audit and year-end adjustments and except that such statements need not contain notes;

(iii) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports which any Borrower has made available to its shareholders and copies of any regular, periodic and special reports or registration statements which any Borrower files with the Securities and Exchange Commission or any governmental authority which may be substituted therefor, or any national securities exchange;

(iv) promptly after the filing thereof, copies of any annual report to be filed with ERISA in connection with each Plan; and

(v) such other data and information (financial and otherwise) as Agent, from time to time, may reasonably request, bearing upon or related to the Collateral or any Borrower's or any of their respective Subsidiaries' financial condition or results of operations.

Concurrently with the delivery of the financial statements described in clause (i) of this subsection 7.1(c), Borrowers shall forward to Agent a copy of the accountants' management letter to Borrowers' management that is prepared in connection with such financial statements and also shall cause to be prepared and shall furnish to Agent and each Lender a certificate of the aforesaid certified public accountants certifying to Agent and Lenders that, based upon their examination of the financial statements of Borrowers and their respective Subsidiaries performed in connection with their examination of said financial statements, they are not aware of any Default or Event of Default, or, if they are aware of such Default or Event of Default, specifying the nature thereof. Concurrently with the delivery of the financial statements described in clauses (i) and (ii) of this subsection 7.1(c), or more frequently if requested by Agent, Borrowers shall cause to be prepared and furnished to Agent a Compliance Certificate in the form of Exhibit B hereto executed by the Chief Financial Officer of the Consolidated Entity.

(d) Borrowing Base Certificates. On or before the 14th Business Day of each month from and after the date hereof, Borrowing Agent shall deliver to Agent with sufficient copies for each Lender, in form acceptable to Agent, a borrowing base certificate relating to each Borrower's Eligible Accounts and each Borrower's Eligible Inventory as of the last day of the immediately preceding month, with such supporting materials as Agent shall reasonably request. If requested by Agent, or if Borrowers deem it advisable, Borrowers shall execute and deliver to Agent borrowing base certificates with respect to their Eligible Accounts and Eligible Inventory more frequently than monthly, provided that Borrowers shall not be required to provide information with respect to Borrowers' Inventory more frequently than weekly.

(e) Landlord and Storage Agreements. Provide Agent with copies of all agreements between any Borrower or any Subsidiary of any Borrower and any landlord or warehouseman which owns any premises at which any Inventory may, from time to time, be kept.

(f) Guarantor Financial Statements. Deliver or cause to be delivered to Agent financial statements for each Guarantor (to the extent not delivered pursuant to subsection 7.1(c) hereof) in form and substance satisfactory to Agent at such intervals and covering such time periods as Agent may request.

(g) Projections. No later than 30 days after the end of each fiscal year of the Consolidated Entity deliver to Agent Projections of Borrowers on a combining, consolidated and consolidating basis, for the forthcoming fiscal year, month by month.

(h) Insurance on Collateral. Borrowers shall maintain and pay for insurance upon all Collateral wherever located and with respect to each Borrower's business, covering casualty, hazard, public liability and such other risks in such amounts and with such insurance companies as are customary for Persons of established reputation engaged in similar business and which are reasonably satisfactory to Agent. Borrowers shall also maintain business

interruption insurance in an amount not less than $4,000,000. Borrowers shall deliver certified copies of such policies to Agent with satisfactory lender's loss payable endorsements, naming Agent and Lenders as sole loss payee, assignee or additional insured, as appropriate. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 10 days prior written notice to Agent in the event of cancellation of the policy for failure to pay any premium with respect thereto and not less than 30 days prior written notice to Agent in the event of cancellation of the policy for any other reason and a clause specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Borrower or the owner of any Property or by the occupation of the premises for purposes more hazardous than are permitted by said policy. If any insured loss occurs and no Default then exists, the respective Borrowers shall have the right to adjust such loss and Agent will permit Borrowers to use the proceeds of insurance of such loss to repair or replace the Collateral that was damaged, destroyed or lost, provided that if any Term Loan balance then exists, any excess insurance proceeds are paid to Agent for application to the Term Loans. If Borrower fails to provide and pay for such insurance, Agent may, at its option, but shall not be required to, procure the same and charge Borrowers therefor. Borrowers agree to deliver to Agent, promptly as rendered, true copies of all reports made in any reporting forms to insurance companies. All proceeds of each Borrower's business interruption insurance (if any) shall be remitted to Agent for application to the outstanding balance of the Revolving Credit Loans; provided that, unless a Default or an Event of Default is then in existence, the respective Borrowers may settle or adjust any claim with respect to such insurance and Agent shall remit such proceeds to Borrowers for use in the ordinary course of their respective businesses.

(i) Interest Rate Protection. Borrowers shall maintain in effect one or more agreements designed to provide protection against fluctuations in interest rates with one or more financial institutions reasonably acceptable to Agent with respect to at least $6,500,000 of the Term Loan, which agreement(s) shall contain such terms as are customary and are reasonably satisfactory to Agent. Agent hereby acknowledges that the Base Rate Collar Agreement dated May 14, 1998 currently in effect among Fleet, the Assigning Sellers and Camino and Neurocare Inc. satisfies the requirements of this Section 7.1(i).

(j) Taxes. Each Borrower shall comply in all material respects with and will cause each of its Subsidiaries to comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental authority (including, without limitation, laws, rules, regulations and orders relating to taxes, employer and employee contributions, securities, employee retirement and welfare benefits, environmental protection matters and employee health and safety) as now in effect and which may be imposed in the future; provided, that any Borrower or any Subsidiary of any Borrower may contest taxes, fees, assessments and other governmental charges in good faith by appropriate proceedings diligently prosecuted and for which appropriate reserves have been recorded in conformity with GAAP

(k) Equipment. Each Borrower shall make or cause to be made all necessary replacements of and repairs to such Borrower's Equipment, to the extent necessary to maintain and preserve the value and operating efficiency thereof, reasonable wear and tear excepted.

(l) Ineligible Accounts. Promptly notify Agent in writing if any Account with an original face amount of $75,000 or more which is reflected as an Eligible Account in the

most recent borrowing base certificate submitted to Agent pursuant to subsection 7.1(d) hereof ceases for any reason to satisfy any of the criteria set forth in subsection 6.1(h) hereof.

(m) Additional Landlord Waivers. Deliver or cause to be delivered to Agent a landlord waiver in favor of and in form acceptable to Agent (i) with respect to the leased premises of Integra LifeSciences (or an affiliate thereof) located at 105 Morgan Lane, Plainsboro, New Jersey 08536, not later than sixty (60) days after the Amendment Effective Date and (y) with respect to any other leased premises not set forth on Schedule 6.1(f) as of the Amendment Effective Date at which Inventory of any Borrower is stored or otherwise located from time to time thereafter, not later than the date which is the later to occur of (x) sixty (60) days after the Amendment Effective Date and (y) the date on which the lease with respect to such premises is executed and delivered by the respective lessor and lessee thereunder.

7.2 Negative Covenants.

During the term of this Agreement, and thereafter for so long as there are any Obligations outstanding, Borrowers covenant that, unless Majority Lenders have first consented thereto in writing, they will not:

(a) Mergers; Consolidations; Acquisitions. Merge or consolidate, or permit any Subsidiary of any Borrower to merge or consolidate, with any Person; or acquire, or permit any of their respective Subsidiaries to acquire, all or any substantial part of the Properties of any Person; provided, that upon not less than five (5) days prior written notice to Agent, any Borrower may merge with and into any other Borrower.

(b) Loans. Make, or permit any Subsidiary of any Borrower to make, any loans or other advances of money to any Person, except for (i) salary, travel advances, employee relocations, advances against commissions and other similar advances in the ordinary course of business and (ii) loans and other advances by any Borrower to any other Borrower.

(c) Total Indebtedness. Create, incur, assume, or suffer to exist, or permit any Subsidiary of any Borrower to create, incur or suffer to exist, any Indebtedness, except:

(i) Obligations owing to Agent and Lenders under this Agreement;

(ii) Indebtedness of any Borrower to any other Borrower;

(iii) accounts payable to trade creditors and current operating expenses (other than for Money Borrowed) which are not aged more than 120 days from billing date or more than 30 days from the due date, in each case incurred in the ordinary course of business and paid within such time period, unless the same are being actively contested in good faith and by appropriate and lawful proceedings; and such Borrower or such Subsidiary shall have set aside such reserves, if any, with respect thereto as are required by GAAP and deemed adequate by such Borrower or such Subsidiary and its independent accountants;

(iv) Obligations to pay Rentals permitted by subsection 7.2(l);

(v) Permitted Purchase Money Indebtedness and capitalized Lease Obligations not to exceed at any time, in the aggregate, the amount set forth in the definition of Permitted Purchase Money Indebtedness;

(vi) contingent liabilities arising out of endorsements of checks and other negotiable instruments for deposit or collection in the ordinary course of business;

(vii) Indebtedness described in subsection 7.1(i);

(viii) obligations under the Redmond Notes, so long as Borrowers' liability thereunder does not exceed $125,000 at any time, after giving effect to the benefit of indemnification payments provided for pursuant to the Integra Acquisition Documents; and

(ix) Indebtedness not included in paragraphs (i) through (viii) above which does not exceed at any time, in the aggregate, the sum of $250,000.

(d) Affiliate Transactions. Enter into, or be a party to, or permit any Subsidiary of any Borrower to enter into or be a party to, any transaction with any Affiliate of any Borrower or stockholder, except (i) in the ordinary course of and pursuant to the reasonable requirements of such Borrower's or such Subsidiary's business and upon fair and reasonable terms which are fully disclosed to Agent and are no less favorable to such Borrower than would be obtainable in a comparable arm's length transaction with a Person not an Affiliate or stockholder of such Borrower or such Subsidiary and (ii) pursuant to the Management Services Agreement, the Tax Sharing Agreement and the Distribution Agreement, respectively.

(e) Limitation on Liens. Create or suffer to exist, or permit any Subsidiary of any Borrower to create or suffer to exist, any Lien upon any of its Property, income or profits, whether now owned or hereafter acquired, except:

(i) Liens at any time granted in favor of Agent for the benefit of itself and each Lender;

(ii) Liens for taxes, fees, assessments and governmental charges (excluding any Lien imposed pursuant to any of the provisions of ERISA) not yet due, or being contested in the manner described in subsection 7.1(j) hereto, but only if in Agent's judgment such Lien does not adversely affect Agent's or Lenders' rights or the priority of Agent's Lien in the Collateral;

(iii) Liens arising in the ordinary course of a Borrower's business by operation of law or regulation, but only if payment in respect of any such Lien is not at the time required and such Liens do not, in the aggregate, materially detract from the value of the Property of any Borrower or materially impair the use thereof in the operation of such Borrower's business;

(iv) Purchase Money Liens securing Permitted Purchase Money Indebtedness;

(v) Liens securing Indebtedness of one of a Borrower's Subsidiaries to such Borrower or another such Subsidiary;

(vi) Liens incurred or deposits made in the ordinary course of business (1) in connection with worker's compensation, social security, unemployment insurance and other like laws, or (2) in connection with sales contracts, leases, statutory obligations, work in progress advances and other similar obligations not incurred in connection with the borrowing of money or the payment of the deferred purchase price of property;

(vii) Title exceptions or encumbrances granted in the ordinary course of business, affecting real property owned by any Borrower, provided that such exceptions do not in the aggregate materially detract from the value of such property or materially interfere with its use in the ordinary course of such Borrower's business;

(viii) Liens arising in connection with Capitalized Lease Obligations permitted hereunder; provided, that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Lease Obligations;

(ix) Liens with respect to judgments, attachments and the like which do not constitute Events of Default hereunder;

(x) Liens arising from leases or subleases granted to others which do not interfere in any material respects with the business of any Borrower;

(xi) such other Liens as appear on Schedule 7.2(e) hereto; and

(xii) such other Liens as Agent may hereafter approve in writing.

(f) Distributions. Declare or make, or permit any Subsidiary of any Borrower to declare or make, any Distributions; provided, that:

(i) any Subsidiary of a Borrower may make Distributions to such or any other Borrower; and

(ii) so long as before and after giving effect to each such Distribution no Default or Event of Default shall have occurred and be continuing, any Borrower or any Subsidiary of any Borrower may make Distributions to Integra LifeSciences at the respective times and in the respective amounts required pursuant to the Tax Sharing Agreement; provided, that, (x) no such Distribution may be made in respect of the allocable share of any Borrower or any Subsidiary of any Borrower of added tax assessments determined under Step 2 of Section 2 of the Tax Sharing Agreement and (y) no less than three (3) Business Days prior to the date of any such Distribution, the Funds Administrator shall deliver to Agent a certificate of the chief financial office of the Holding setting forth in reasonable detail the calculation thereof.

(g) Capital Expenditures. Make Capital Expenditures (including, without limitation, by way of capitalized leases) which, in the aggregate, as to all Borrowers and all of their respective Subsidiaries, exceed during any fiscal year of the Consolidated Entity, (i) with respect to the 1998 fiscal year of the Consolidated Entity, $400,000 related to the Beverly Patent

Purchase and (ii) in addition to the amount set forth in clause (i) above for the 1998 fiscal year, and for each fiscal year of the Consolidated Entity ending thereafter, $1,250,000; provided, that, notwithstanding the foregoing, Borrower's compliance with this Section 7.2(g) shall be determined without giving effect to any Capital Expenditure made after the Amendment Effective Date with Equity Contribution Proceeds constituting Unallocated Equity Contribution Proceeds at the time such Capital Expenditure was made; provided, further, that, concurrently with the making of any Capital Expenditure with Unallocated Equity Contribution Proceeds, the Borrowing Agent shall have delivered to Agent an Equity Contribution Proceeds Allocation Certificate with respect thereto.

(h) Disposition of Assets. Sell, lease or otherwise dispose of any of, or permit any Subsidiary of any Borrower to sell, lease or otherwise dispose of any of, its Properties, including any disposition of Property as part of a sale and leaseback transaction, to or in favor of any Person, except (i) sales of Inventory in the ordinary course of business for so long as no Event of Default exists hereunder, (ii) transfers of Property to any Borrower by a Subsidiary of any Borrower, (iii) dispositions in the ordinary course of business of obsolete or worn out equipment which is replaced promptly with productive assets, (iv) dispositions consisting of involuntary losses, thefts, destructions or condemnations the proceeds of which do not exceed $500,000 in the aggregate if not covered (subject to such deductibles as Lenders shall have permitted) by insurance, for all Borrowers combined in any fiscal year of the Consolidated Entity, and (v) dispositions (other than dispositions described in the foregoing clause (iv)) the proceeds of which do not exceed $250,000 in the aggregate for all Borrowers combined in any fiscal year of the Consolidated Entity.

(i) Stock of Subsidiaries. Permit any of their respective Subsidiaries to issue any additional shares of its capital stock except director's qualifying shares.

(j) Bill-and-Hold Sales, Etc. Make a sale to any customer on a bill-and-hold, guaranteed sale, sale and return, sale on approval or consignment basis, or any sale on a repurchase or return basis.

(k) Restricted Investment. Make or have, or permit any Subsidiary of any Borrower to make or have, any Restricted Investment.

(l) Leases. Become, or permit any of their respective Subsidiaries to become, a lessee under any operating lease (other than a lease under which a Borrower or any of its Subsidiaries is lessor) of Property if the aggregate Rentals payable during any current or future period of 12 consecutive months under the lease in question and all other leases under which any Borrower or any of their respective Subsidiaries is then lessee would exceed (i) $750,000, during the period commencing on the Closing Date and ending on December 31, 2000, and (ii) $800,000, thereafter. The term "Rentals" means, as of the date of determination, all payments which the lessee is required to make by the terms of any operating lease.

(m) Tax Consolidation. Except pursuant to the Integra Tax Sharing Agreement, file or consent to the filing of any consolidated income tax return with any Person.

(n) Equipment. Permit any Equipment to become affixed to any leased real Property so that an interest arises therein under the real estate laws of the applicable jurisdiction unless the landlord of such real Property has executed a landlord waiver or leasehold mortgage in favor of and in form acceptable to Agent, or permit any Equipment to become an accession to any personal Property other than Equipment that is subject to first priority (except for Permitted Liens) Liens in favor of Agent.

(o) Changes to Certain Documents. Change or amend in any way the respective terms or provisions of the Management Services Agreement, the Distribution Agreement, the Tax Sharing Agreement or any of the Integra Acquisition Documents.

7.3 Specific Financial Covenants.

During the term of this Agreement, and thereafter for so long as there are any Obligations outstanding, Borrowers covenant that, unless otherwise consented to by Majority Lenders in writing, they shall comply with all of the financial covenants set forth in Exhibit C hereto.

SECTION 8. CONDITIONS PRECEDENT

Notwithstanding any other provision of this Agreement or any of the other Loan Documents, and without affecting in any manner the rights of Agent or any Lender under the other sections of this Agreement, neither Agent nor any Lender shall be required to make any Loan (or issue or procure the issuance of any Letter of Credit or LC Guaranty) under this Agreement unless and until each of the following conditions has been and continues to be satisfied:

8.1 Documentation.

Agent shall have received, in form and substance satisfactory to Agent and its counsel, a duly executed copy of this Agreement and the other Loan Documents, together with such additional documents, instruments and certificates as Agent and its counsel shall reasonably require in connection therewith from time to time, all in form and substance satisfactory to Agent and its counsel.

8.2 No Default.

No Default or Event of Default shall exist.

8.3 Other Conditions.

Each of the conditions precedent set forth in the Loan Documents shall have been satisfied.

8.4 No Litigation.

No action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed before any court, governmental agency or legislative body to enjoin,

restrain or prohibit, or to obtain damages in respect of, or which is related to or arises out of this Agreement or the consummation of the transactions contemplated hereby.

8.5 Payment of Certain Fees.

Agent shall have received in immediately available funds for the account of Agent or Fleet, as the case may be, all amounts payable by Borrowers on the Amendment Effective Date pursuant to the Fee Letter.

8.6 Repayment of Original Obligations.

Agent shall have received in immediately available funds for application to the outstanding principal balance of the Term Loan under the Original Credit Agreement not less than $2,500,000.

8.7 Contribution to the Capital of Integra.

Integra shall have received in immediately available funds the proceeds of a contribution by Holding to the capital of Integra in a amount not less than $5,750,000 (the "Amendment Effective Date Capital Contribution").

8.8 Integra Acquisition.

The transactions contemplated to occur on the Amendment Effective Date pursuant to the Integra Acquisition Documents shall have been consummated in accordance with the terms of the Integra Acquisition Documents, the requirements of all applicable laws and as contemplated hereby.

8.9 Integra Acquisition Documents.

On the Amendment Effective Date: (a) Agent shall have received executed or conformed copies of all material Integra Acquisition Documents and any amendments thereto, all of which shall be in full force and effect and no material term or condition thereof shall have been amended, modified or waived after the execution thereof, except with the prior written consent of Agent; (b) none of the parties to any of the Integra Acquisition Documents shall have failed to perform any material obligation or covenant required thereby to be performed or complied with on or before the Amendment Effective Date.

SECTION 9. EVENTS OF DEFAULT; RIGHTS AND REMEDIES ON DEFAULT

9.1 Events of Default.

The occurrence of one or more of the following events shall constitute an "Event of Default":

(a) Payment of Obligations. Any Borrower shall fail to make any payment of principal on any of the Obligations on the due date thereof (whether due at stated maturity, on

demand, upon acceleration or otherwise) or shall fail to pay any of the other Obligations within five (5) days of the due date thereof.

(b) Misrepresentations. Any representation, warranty or other statement made or furnished to Agent or any Lender by or on behalf of any Borrower, any Subsidiary of any Borrower or any Guarantor in this Agreement, any of the other Loan Documents or any instrument, certificate or financial statement furnished in compliance with or in reference thereto proves to have been false or misleading in any material respect when made or furnished or when reaffirmed pursuant to this Agreement or the other Loan Documents; provided, that, notwithstanding the foregoing, the failure of any Account reflected in the most recent borrowing base certificate submitted to Agent pursuant to subsection 7.1(d) hereof to satisfy one or more of the criteria set forth in subsection 6.1(h) hereof (other than such criteria set forth in clauses (ii) and (iv) thereof) shall not constitute an Event of Default if (A) the original face amount of such Account is less than $75,000 and (B) the aggregate original face amount of all such Accounts which fail to satisfy one or more of such criteria, does not exceed at any time $250,000.

(c) Breach of Specific Covenants. Any Borrower shall fail or neglect to perform, keep or observe any covenant contained in Sections 7.1(a), 7.1(b), 7.1(c), 7.1(d), 7.1(h), 7.2 or 7.3 hereof on the date that such Borrower is required to perform, keep or observe such covenant.

(d) Breach of Other Covenants. Any Borrower shall fail or neglect to perform, keep or observe any covenant contained in this Agreement (other than a covenant which is dealt with specifically elsewhere in Section 9.1 hereof) and the breach of such other covenant is not cured to Agent's satisfaction within 30 days after the sooner to occur of any Borrower's receipt of notice of such breach from Agent or the date on which such failure or neglect first becomes known to any officer of any Borrower.

(e) Default Under Security Documents, Other Agreements or Purchase Document. Any event of default shall occur under, or any Borrower shall default in the performance or observance of any term, covenant, condition or agreement contained in, any of the Security Documents, the Other Agreements or the Purchase Documents and such default shall continue beyond any applicable grace period.

(f) Other Defaults. There shall occur any default or event of default on the part of any Borrower under any agreement, document or instrument to which such Borrower is a party or by which such Borrower or any of its Property is bound, creating or relating to any Indebtedness in a principal amount in excess of $250,000 (other than the Obligations) if the payment or maturity of such Indebtedness is accelerated in consequence of such event of default or demand for payment of such Indebtedness is made.

(g) Insolvency and Related Proceedings. Any Borrower or any Guarantor shall cease to be Solvent or shall suffer the appointment of a receiver, trustee, custodian or similar fiduciary, or shall make an assignment for the benefit of creditors, or any petition for an order for relief shall be filed by or against any Borrower or any Guarantor under the federal bankruptcy laws (if against a Borrower or any Guarantor, the continuation of such proceeding for

more than 60 days), or any Borrower or any Guarantor shall make any offer of settlement, extension or composition to their respective unsecured creditors generally.

(h) Business Disruption; Condemnation. There shall occur a cessation of a substantial part of the business of any Borrower, any Subsidiary of any Borrower or any Guarantor for a period which significantly affects such Borrower's or such Guarantor's capacity to continue its business, on a profitable basis; or any Borrower, any Subsidiary of any Borrower or any Guarantor shall suffer the loss or revocation of any license or permit now held or hereafter acquired by any Borrower or such Guarantor which is necessary to the continued or lawful operation of its business; or any Borrower or any Guarantor shall be enjoined, restrained or in any way prevented by court, governmental or administrative order from conducting all or any material part of its business affairs; or any material lease or agreement pursuant to which Any Borrower or any Guarantor leases, uses or occupies any Property shall be canceled or terminated prior to the expiration of its stated term; or any material part of the Collateral shall be taken through condemnation or the value of such Property shall be impaired through condemnation.

(i) Change of Ownership. There shall occur a Change of Ownership.

(j) ERISA. A Reportable Event shall occur which Agent, in its sole discretion, shall determine in good faith constitutes grounds for the termination by the Pension Benefit Guaranty Corporation of any Plan or for the appointment by the appropriate United States district court of a trustee for any Plan, or if any Plan shall be terminated or any such trustee shall be requested or appointed, or if any Borrower, any Subsidiary of any Borrower or any Guarantor is in "default" (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan resulting from such Borrower's, such Subsidiary's or such Guarantor's complete or partial withdrawal from such Plan and such events singly or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(k) Challenge to Agreement. Any Borrower, any Subsidiary of any Borrower or any Guarantor, or any Affiliate of any of them, shall challenge or contest in any action, suit or proceeding the validity or enforceability of this Agreement or any of the other Loan Documents, the legality or enforceability of any of the Obligations or the perfection or priority of any Lien granted to Agent for the benefit of itself and Lenders.

(l) Repudiation of or Default Under Guaranty Agreement. Any Guarantor shall revoke or attempt to revoke the Guaranty Agreement signed by such Guarantor, or shall repudiate such Guarantor's liability thereunder or shall be in default under the terms thereof.

(m) Criminal Forfeiture. Any Borrower, any Subsidiary of any Borrower or any Guarantor shall be criminally indicted or convicted under any law that could reasonably be expected to lead to a forfeiture of any Property of any Borrower, any Subsidiary of any Borrower or any Guarantor.

(n) Judgments. Any money judgment, writ of attachment or similar process is filed against any Borrower, any Subsidiary of any Borrower or any Guarantor, or any of their respective Property in an amount of $250,000 or more, individually or in the aggregate, in each

case, in excess of any applicable insurance with respect to which the insurer has admitted liability and which judgment, attachment or process is not stayed, released or discharged within thirty (30) days.

9.2 Acceleration of the Obligations.

Without in any way limiting the right of Agent to demand payment of any portion of the Obligations payable on demand in accordance with Section 3.2 hereof, upon or at any time after the occurrence and during the continuance of an Event of Default, all or any portion of the Obligations shall, at the option of Agent or at the request of Majority Lenders, and without presentment, demand, protest or further notice by Agent or any Lender, become at once due and payable and Borrowers shall forthwith pay to Agent for the ratable benefit of Lenders the full amount of such Obligations, provided, that upon the occurrence of an Event of Default specified in subsection 9.1(g) hereof, all of the Obligations shall become automatically due and payable without declaration, notice or demand by Agent.

9.3 Other Remedies.

Upon and after the occurrence of an Event of Default, Agent shall have and may exercise from time to time the following rights and remedies:

(a) All of the rights and remedies of a secured party under the Code or under other applicable law, and all other legal and equitable rights to which Agent or any Lender may be entitled, all of which rights and remedies shall be cumulative and shall be in addition to any other rights or remedies contained in this Agreement or any of the other Loan Documents, and none of which shall be exclusive.

(b) The right to take immediate possession of the Collateral, and to (i) require Borrowers to assemble the Collateral, at Borrowers' expense, and make it available to Agent at a place designated by Agent which is reasonably convenient to both parties, and (ii) enter any premises where any of the Collateral shall be located and to keep and store the Collateral on said premises until sold (and if said premises be the Property of any Borrower, such Borrower agrees not to charge Agent for storage thereof).

(c) The right to sell or otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, all as Agent, in its sole discretion, may deem advisable. Each Borrower agrees that 10 days written notice to Borrowers of any public or private sale or other disposition of Collateral shall be reasonable notice thereof, and such sale shall be at such locations as Agent may designate in said notice. Agent shall have the right to conduct such sales on any Borrower's premises, without charge therefor, and such sales may be adjourned from time to time in accordance with applicable law. Agent shall have the right to sell, lease or otherwise dispose of the Collateral, or any part thereof, for cash, credit or any combination thereof, and Agent, on behalf of Lenders, may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Obligations. The proceeds realized from the sale of any Collateral may be applied, after allowing

2 Business Days for collection, first to the costs, expenses and attorneys' fees incurred by Agent in collecting the Obligations, in enforcing the rights of Lenders under the Loan Documents and in collecting, retaking, completing, protecting, removing, storing, advertising for sale, selling and delivering any Collateral, second to the interest due upon any of the Obligations; and third, to the principal of the Obligations. If any deficiency shall arise, each Borrower and each Guarantor shall remain jointly and severally liable to Lenders therefor.

(d) Agent is hereby granted a license or other right to use, without charge, each Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, tradenames, trademarks and advertising matter, or any Property of a similar nature, as it pertains to the Collateral, in advertising for sale and selling any Collateral and each Borrower's rights under all licenses and all franchise agreements shall inure to Agent's benefit.

(e) Agent may, at its option, require Borrowers to deposit with Agent funds equal to the LC Amount and, if Borrowers fail to promptly make such deposit, Agent may advance such amount as a Revolving Credit Loan (whether or not an Overadvance is created thereby). Each such Revolving Credit Loan shall be secured by all of the Collateral and shall bear interest and be payable at the same rate and in the same manner as Base Rate Revolving Credit Portions. Any such deposit or advance shall be held by Agent as a reserve to fund future payments on such LC Guaranties and future drawings against such Letters of Credit. At such time as all LC Guaranties have been paid or terminated and all Letters of Credit have been drawn upon or expired, any amounts remaining in such reserve shall be applied against any outstanding Obligations, or, if all Obligations have been indefeasibly paid in full, returned to Borrowers.

9.4 Remedies Cumulative; No Waiver.

All covenants, conditions, provisions, warranties, guaranties, indemnities, and other undertakings of Borrowers contained in this Agreement and the other Loan Documents, or in any document referred to herein or contained in any agreement supplementary hereto or in any schedule or in any Guaranty Agreement given to Agent or contained in any other agreement between Agent and/or Lender and any Borrower, heretofore, concurrently, or hereafter entered into, shall be deemed cumulative to and not in derogation or substitution of any of the terms, covenants, conditions, or agreements of Borrowers herein contained. The failure or delay of Agent or any Lender to require strict performance by any Borrower of any provision of this Agreement or to exercise or enforce any rights, Liens, powers, or remedies hereunder or under any of the aforesaid agreements or other documents or security or Collateral shall not operate as a waiver of such performance, Liens, rights, powers and remedies, but all such requirements, Liens, rights, powers, and remedies shall continue in full force and effect until all Loans and all other Obligations owing or to become owing from Borrowers to Agent or any Lender shall have been fully satisfied. None of the undertakings, agreements, warranties, covenants and representations of Borrowers contained in this Agreement or any of the other Loan Documents and no Event of Default by any Borrower under this Agreement or any other Loan Documents shall be deemed to have been suspended or waived by Agent, unless such suspension or waiver is by an instrument in writing specifying such suspension or waiver and is signed by a duly authorized representative of Agent and directed to Borrowers.

SECTION 10. THE AGENT

10.1 Authorization and Action.

Each Lender hereby appoints and authorizes Agent to take such action on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. Each Lender hereby acknowledges that Agent shall not have by reason of this Agreement assumed a fiduciary relationship in respect of any Lender. In performing its functions and duties under this Agreement, Agent shall act solely as Agent of Lenders and shall not assume, or be deemed to have assumed, any obligation toward, or relationship of agency or trust with or for, any Borrower. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including, without limitation, enforcement or collection of the Term Notes), Agent may, but shall not be required to, exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, whenever such instruction shall be requested by Agent or required hereunder, or a greater or lesser number of Lenders if so required hereunder, and such instructions shall be binding upon all Lenders; provided, however, that Agent shall not be required to take any action which exposes Agent to any liability or which is contrary to this Agreement, the other Loan Documents or applicable law, unless Agent is indemnified therefor to its satisfaction (which may, at Agent's option, include indemnification by each Lender other than Fleet for its pro rata share of all such liabilities). If Agent seeks the consent or approval of the Majority Lenders (or a greater or lesser number of Lenders as required in this Agreement), with respect to any action hereunder, Agent shall send notice thereof to each Lender and shall notify each Lender at any time that the Majority Lenders (or such greater or lesser number of Lenders) have instructed Agent to act or refrain from acting pursuant hereto.

10.2 Agent's Reliance; No Liability

Neither Agent, any Affiliate of Agent, nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or the other Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, Agent: (i) may treat the payee of any Term Note as the holder thereof until Agent receives written notice of the assignment or transfer thereof signed by such payee and in form reasonably satisfactory to Agent; (ii) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iii) makes no warranties or representations to any Lender and shall not be responsible to any Lender for any recitals, statements, warranties or representations made in or in connection with this Agreement or any other Loan Documents; (iv) shall not have any duty beyond Agent's customary practices in respect of loans in which Agent is the only lender, to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Borrower, to inspect the property (including the books and records) of any Borrower, to monitor the financial condition of any Borrower or to ascertain the existence or possible existence or continuation of any Default or

Event of Default; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (vi) shall not be liable to any Lender for any action taken, or inaction, by Agent upon the instructions of Majority Lenders pursuant to Section 10.1 hereof or refraining to take any action pending such instructions; (vii) shall not be liable for any apportionment or distributions of payments made by it in good faith pursuant to Section 3 hereof; and (viii) shall incur no liability under or in respect of this Agreement or the other Loan Documents by acting upon any notice, consent, certificate, message or other instrument or writing (which may be by telephone, facsimile, telegram, cable or telex) believed in good faith by it to be genuine and signed or sent by the proper party or parties. In the event any apportionment or distribution described in clause (vii) above is determined to have been made in error, the sole recourse of any Person to whom payment was due but not made shall be to recover from the recipients of such payments any payment in excess of the amount to which they are determined to have been entitled.

10.3 Fleet and Affiliates.

With respect to its commitment hereunder to make Loans, Fleet shall have the same rights and powers under this Agreement and the other Loan Documents as any other Lender and may exercise the same as though it were not Agent; and the terms "Lender," "Lenders" or "Majority Lenders" shall, unless otherwise expressly indicated, include Fleet in its individual capacity as a Lender. Fleet and its Affiliates may lend money to, and generally engage in any kind of business with, any Borrower, and any Person who may do business with or own Securities of any Borrower all as if Fleet were not Agent and without any duty to account therefor to any other Lender.

10.4 Lender Credit Decision.

Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender and based on the financial statements referred to in subsection 6.1(j) hereof and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement. Agent shall not have any duty or responsibility, either initially or on an ongoing basis, to provide any Lender with any credit or other similar information regarding any Borrower.

10.5 Indemnification.

Lenders agree to indemnify Agent (to the extent not reimbursed by Borrowers), in accordance with their respective Aggregate Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against Agent in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by Agent under this Agreement; provided, that no

Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse Agent promptly upon demand for its ratable share, as set forth above, of any out-of-pocket expenses (including attorneys' fees) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiation, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and each other Loan Document, to the extent that Agent is not reimbursed for such expenses by Borrowers. The obligations of Lenders under this Section 10.5 shall survive the payment in full of all Obligations and the termination of this Agreement. In the event that after payment and distribution of any amount by Agent to Lenders, any Lender or any other Person, including any Borrower, any creditor of any Borrower or a trustee in bankruptcy, recovers from Agent any amount found to have been wrongfully paid to Agent or disbursed by Agent to Lenders, then Lenders, in accordance with their respective Aggregate Percentages, shall reimburse Agent for all such amounts.

10.6 Agency Provisions Relating to Collateral.

Each Lender authorizes and ratifies Agent's entry into this Agreement and the Security Documents for the benefit of Lenders. Each Lender agrees that any action taken by Agent with respect to the Collateral in accordance with the provisions of this Agreement or the Security Documents, and the exercise by Agent of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all Lenders. Agent is hereby authorized on behalf of all Lenders, without the necessity of any notice to or further consent from any Lender, from time to time prior to an Event of Default, to take any action with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected Agent's Liens upon the Collateral, for its benefit and the ratable benefit of Lenders. Lenders hereby irrevocably authorize Agent, at its option and in its discretion, to release any Lien granted to or held by Agent upon any Collateral (i) upon termination of the Agreement and payment and satisfaction of all Obligations; or (ii) constituting property being sold or disposed of if Borrowing Agent certifies to Agent that the sale or disposition is made in compliance with subsection 3.3(a) and subsection 7.2(h) hereof (and Agent may rely conclusively on any such certificate, without further inquiry); or (iii) constituting property in which no Borrower owns any interest at the time the Lien was granted or at any time thereafter; or (iv) in connection with any foreclosure sale or other disposition of Collateral after the occurrence and during the continuation of an Event of Default or (v) if approved, authorized or ratified in writing by Agent at the direction of all Lenders. Upon request by Agent at any time, Lenders will confirm in writing Agent's authority to release particular types or items of Collateral pursuant hereto. Agent shall have no obligation whatsoever to any Lender or to any other Person to assure that the Collateral exists or is owned by any Borrower or is cared for, protected or insured or has been encumbered or that the Liens granted to Agent herein or pursuant to the Security Documents have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of its rights, authorities and powers granted or available to Agent in this Section 10.6 or in any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act,

omission or event related thereto, Agent may act in any manner it may deem appropriate, in its sole discretion, but consistent with the provisions of this Agreement, given Agent's own interest in the Collateral as a Lender and that Agent shall have no duty or liability whatsoever to any Lender.

10.7 Agent's Right to Purchase Commitments.

Agent shall have the right, but shall not be obligated, at any time upon written notice to any Lender and with the consent of such Lender, which may be granted or withheld in such Lender's sole discretion, to purchase for Agent's own account all of such Lender's interests in this Agreement, the other Loan Documents and the Obligations, for the face amount of the outstanding Obligations owed to such Lender, including without limitation all accrued and unpaid interest and fees.

10.8 Right of Sale, Assignment, Participations.

Borrowers hereby consent to any Lender's participation, sale, assignment, transfer or other disposition, at any time or times hereafter, of this Agreement and any of the other Loan Documents, or of any portion hereof or thereof, including, without limitation, such Lender's rights, title, interests, remedies, powers, and duties hereunder or thereunder subject to the terms and conditions set forth below:

10.8.1 Sales, Assignments. Each Lender hereby agrees that, with respect to any sale or assignment (i) no such sale or assignment shall be for an amount of less than $5,000,000 or, if less, such Lender's entire interest in the Loans and Loan Commitments (ii) each such sale or assignment shall be made on terms and conditions which are customary in the banking industry at the time of the transaction, (iii) Agent and Borrower must consent, such consent not to be unreasonably withheld, to each such assignment to a party which is not an original signatory to this Agreement, (iv) the assigning Lender shall pay to the Agent a processing and recordation fee of $3,500 and any out-of-pocket attorneys' fees and expenses incurred by the Agent in connection with any such sale or assignment. After such sale or assignment has been consummated (x) the assignee lender thereupon shall become a "Lender" for all purposes of this Agreement and (y) the assigning Lender shall have no further liability for funding the portion of Loan Commitments assumed by such other Lender.

10.8.2 Participations. Any Lender may grant participations in its extensions of credit hereunder to any other Lender or other lending institution (a "Participating Lender"), provided, that (i) no Participating Lender shall thereby acquire any direct rights under this Agreement, (ii) no Participating Lender shall be granted any right to consent to any amendment, except to the extent any of the same pertain to (A) reducing the aggregate principal amount of, or interest rate on, or fees applicable to, any Loan or (B) extending the final stated maturity of any Loan or the stated maturity of any portion of any payment of principal of, or interest or fees applicable to, any of the Loans; provided, however, that the rights described in this subclause (B) shall not be deemed to include the right to consent to any amendment with respect to or which has the effect of

requiring any mandatory prepayment of any portion of any Loan or any amendment or waiver of any Default or Event of Default, (iii) no sale of a participation in extensions of credit shall in any manner relieve the originating Lender of its obligations hereunder, (iv) the originating Lender shall remain solely responsible for the performance of such obligations, (v) Borrowers and the Agent shall continue to deal solely and directly with the originating Lender in connection with the originating Lender's rights and obligations under this Agreement and the other Loan Documents, (vi) in no event shall any financial institution purchasing the participation grant a participation in its participation interest in the Loans without the prior written consent of Borrowers (so long as no Event of Default shall have occurred and be continuing) and Agent, which consents shall not unreasonably be withheld and (vii) all amounts payable by Borrowers hereunder shall be determined as if the originating Lender had not sold any such participation.

10.8.3 Certain Agreements of Borrowers. Borrowers agree that (i) they will use their best efforts to assist and cooperate with each Lender in any manner reasonably requested by such Lender to effect the sale of participation in or assignments of any of the Loan Documents or any portion thereof or interest therein, including, without limitation, assisting in the preparation of appropriate disclosure documents; and (ii) such Lender may disclose credit information regarding any Borrower to any potential participant or assignee.

10.8.4 Non U.S. Resident Transferees. If, pursuant to this Section 10.8, any interest in this Agreement or any Loans is transferred to any transferee which is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Lender shall cause such transferee (other than any participant), and may cause any participant, concurrently with the effectiveness of such transfer, to (i) represent to the transferor Lender (for the benefit of the transferor Lender, the Agent, and Borrowers) that under applicable law and treaties no Taxes will be required to be withheld by Agent, any Borrower or the transferor Lender with respect to any payments to be made to such transferee in respect of the interest so transferred, (ii) furnish to the transferor Lender, Agent and Borrowers either United States Internal Revenue Service Form 4224 or United States Internal Revenue Service Form 1001 (wherein such transferee claims entitlement to complete exemption from United States federal withholding tax on all interest payments hereunder), and (iii) agree (for the benefit of the transferor Lender, Agent and Borrowers) to provide the transferor Lender, Agent and Borrowers a new Form 4224 or Form 1001 upon the obsolescence of any previously delivered form and comparable statements in accordance with applicable United States laws and regulations and amendments duly executed and completed by such transferee, and to comply from time to time with all applicable United States laws and regulations with regard to such withholding tax exemption.

10.9 Amendment.

No amendment or waiver of any provision of this Agreement or any Term Note or any other Loan Document, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and

Borrowers, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall be effective, unless it is (i) in writing and signed by each Lender, if the effect thereof is to do any of the following: (1) increase or decrease the aggregate Loan Commitments, or any Lender's Revolving Loan Commitment or Term Loan Commitment, (2) reduce the principal of, or interest on, the Term Notes or other amount payable hereunder other than those payable only to Fleet in its capacity as Agent, which may be reduced by Fleet unilaterally, (3) decrease any interest rate payable hereunder, (4) postpone any date fixed for any payment of principal of, or interest on, the Term Notes or other amounts payable hereunder, other than those payable only to Fleet in its capacity as Agent, which may be postponed by Fleet unilaterally, (5) reduce the aggregate unpaid principal amount of any Term Note, or the number of Lenders that shall be required for Lenders or any of them to take any action hereunder, (6) release or discharge any Person liable for the performance of any obligations of any Borrower hereunder or under any of the Loan Documents, (7) amend any provision of this Agreement that requires the consent of all Lenders or consent to or waive any breach thereof, (8) amend this Section 10.9 or (9) release any substantial portion of the Collateral, unless otherwise permitted pursuant to Section 10.6 hereof; or (ii) in writing and signed by Lenders holding the Aggregate Percentages, Revolving Loan Percentages and/or Term Loan Percentages specified therein with respect to any provision of this Agreement that requires the agreement, consent or approval of Lenders holding such Percentages in a different amount than Majority Lenders; or (iii) in writing and signed by Agent in addition to the Majority Lenders required above to take such action, if the amendment, waiver or consent in question affects the rights or duties of Agent under this Agreement, any Term Note or any Loan Document.

10.10 Resignation of Agent; Appointment of Successor.

The Agent may resign as Agent by giving not less than thirty (30) days' prior written notice to Lenders and Borrowers. If the Agent shall resign under this Agreement, then, subject to the consent of the Borrowers (which consent shall not be unreasonably withheld and which consent shall not be required during any period in which an Event of Default exists) either (i) the Majority Lenders shall appoint from among Lenders a successor agent for Lenders or (ii) if a successor agent shall not be so appointed and approved within the thirty (30) day period following the Agent's notice to Lenders and the Borrowers of its resignation, then the Agent shall appoint a successor agent who shall serve as Agent until such time as the Majority Lenders appoint a successor agent. Upon its appointment, such successor agent shall succeed to the rights, powers and duties of the Agent and the term "Agent" shall mean such successor effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. After the resignation of any Agent hereunder, the provisions of this Section 10 shall inure to the benefit of such former Agent and such former Agent shall not by reason of such resignation be deemed to be released from liability for any actions taken or not taken by it while it was an Agent under this Agreement.

SECTION 11. MISCELLANEOUS

11.1 Power of Attorney.

Each Borrower hereby irrevocably designates, makes, constitutes and appoints Agent (and all Persons designated by Agent) as such Borrower's true and lawful attorney (and agent-in-fact) and Agent, or Agent's agent, may, without notice to such or any other Borrower and in such Borrower's or Agent's name, but at the cost and expense of Borrowers:

(a) At such time or times as a Default or an Event of Default shall exist, as Agent or said agent, in its sole discretion, may determine, endorse such Borrower's name on any checks, notes, acceptances, drafts, money orders or any other evidence of payment or proceeds of the Collateral which come into the possession of Agent or under Agent's control.

(b) At such time or times as an Event of Default shall exist, as Agent or its agent in its sole discretion may determine: (i) demand payment of the Accounts from the Account Debtors, enforce payment of the Accounts by legal proceedings or otherwise, and generally exercise all of such Borrower's rights and remedies with respect to the collection of its Accounts; (ii) settle, adjust, compromise, discharge or release any of its Accounts or other Collateral or any legal proceedings brought to collect any of its Accounts or other Collateral; (iii) sell or assign any of its Accounts and other Collateral upon such terms, for such amounts and at such time or times as Agent deems advisable; (iv) take control, in any manner, of any item of payment or proceeds relating to any Collateral; (v) prepare, file and sign such Borrower's name to a proof of claim in bankruptcy or similar document against any Account Debtor or to any notice of lien, assignment or satisfaction of lien or similar document in connection with any of the Collateral; (vi) receive, open and dispose of all mail addressed to such Borrower and notify postal authorities to change the address for delivery thereof to such address as Agent may designate; (vii) endorse the name of such Borrower upon any of the items of payment or proceeds relating to any Collateral and deposit the same to the account of Agent on account of the Obligations; (viii) endorse the name of such Borrower upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document or agreement relating to the Accounts, Inventory and any other Collateral; (ix) use any Borrower's stationery and sign the name of such Borrower to verifications of its Accounts and notices thereof to Account Debtors; (x) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to its Accounts, Inventory, Equipment and any other Collateral; (xi) make and adjust claims under policies of insurance; and (xii) do all other acts and things necessary, in Agent's determination, to fulfill such Borrower's obligations under this Agreement.

The power of attorney granted hereby shall constitute a power coupled with an interest and shall be irrevocable.

11.2 Indemnity.

Borrowers hereby jointly and severally agree to indemnify and hold Agent and each Lender harmless from and against any liability, loss, damage, suit, action or proceeding ever suffered or incurred by Agent or such Lender (including reasonable attorneys fees and legal expenses) as the result of any Borrower's failure to observe, perform or discharge any Borrower's

duties hereunder. In addition, Borrowers, jointly and severally, shall defend each Lender against and save it harmless from all claims of any Person with respect to the Collateral; provided that Borrowers shall have no obligation to Agent or any Lender pursuant to this Section 11.2 with respect to any liabilities, losses, damages, suits, actions or proceedings arising from the gross negligence or willful misconduct of such Person as determined by a court of competent jurisdiction in a final judgment no longer subject to appeal. Without limiting the generality of the foregoing, these indemnities shall extend to any claims asserted against Agent or any Lender by any Person under any Environmental Laws or similar laws by reason of any Borrower's or any other Person's failure to comply with laws applicable to solid or hazardous waste materials or other toxic substances. Notwithstanding any contrary provision in this Agreement, the Obligations of Borrowers under this Section 11.2 shall survive the payment in full of the other Obligations and the termination of this Agreement.

11.3 No Sale of Interest by Borrowers.

No Borrower may sell, assign or transfer any interest in this Agreement, any of the other Loan Documents, or any of the Obligations, or any portion thereof, including, without limitation, such Borrower's rights, title, interests, remedies, powers, and duties hereunder or thereunder.

11.4 Severability.

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.5 Successors and Assigns.

This Agreement, the Other Agreements and the Security Documents shall be binding upon and inure to the benefit of the successors and assigns of Borrowers and Lender.

11.6 Cumulative Effect; Conflict of Terms.

The provisions of the Other Agreements and the Security Documents are hereby made cumulative with the provisions of this Agreement. Except as otherwise provided in Section 3.2 hereof and except as otherwise provided in any of the other Loan Documents by specific reference to the applicable provision of this Agreement, if any provision contained in this Agreement is in direct conflict with, or inconsistent with, any provision in any of the other Loan Documents, the provision contained in this Agreement shall govern and control.

11.7 Execution in Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

11.8 Notice.

Except as otherwise provided herein, all notices, requests and demands to or upon a party hereto, to be effective, shall be in writing and shall be sent by certified or registered mail, return receipt requested, by personal delivery against receipt, by overnight courier or by facsimile and, unless otherwise expressly provided herein, shall be deemed to have been validly served, given or delivered immediately when delivered against receipt, three Business Days after deposit in the mail, postage prepaid, or one Business Day after deposit with an overnight courier or, in the case of facsimile notice, when sent, addressed as follows:

If to Agent:	FLEET CAPITAL CORPORATION 20800 Swenson Drive Suite 350 Waukesha, Wisconsin 53186 Attention: Loan Administration Manager Facsimile No.: (414) 798-4882
With a copy to:	KATTEN MUCHIN & ZAVIS 525 West Monroe Street Suite 1600 Chicago, Illinois 60661 Attention: Denise Burn, Esq. Facsimile No.: (312) 577-8914
If to Borrowing Agent or any Borrower:	INTEGRA NEUROCARE LLC c/o Integra LifeSciences Corporation 105 Morgan Lane Plainsboro, NJ 08536 Attention: John B. Henneman Facsimile No.: (609) 275-1082
With a copy to:	GOODSMITH, GREGG & UNRUH 300 South Wacker Drive Suite 300 Chicago, Illinois 60606 Attn: David Gregg, Esq. Facsimile No.: (312) 322-0056

or to such other address as each party may designate for itself by notice given in accordance with this Section 11.8; provided, however, that any notice, request or demand to or upon Agent pursuant to subsections 3.1(a), 3.1(e) or 4.2(b) hereof shall not be effective until received by Agent.

11.9 Agent's and Lender's Consent.

Whenever Agent's or any Lender's consent is required to be obtained under this Agreement, any of the Other Agreements or any of the Security Documents as a condition to any action, inaction, condition or event, Agent or such Lender shall be authorized to give or withhold such consent in its sole and absolute discretion and to condition its consent upon the giving of additional collateral security for the Obligations, the payment of money or any other matter.

11.10 Credit Inquiries.

Each Borrower hereby authorizes and permits Agent and each Lender to respond to usual and customary credit inquiries from third parties concerning any Borrower or any of their respective Subsidiaries.

11.11 Time of Essence.

Time is of the essence of this Agreement, the Other Agreements and the Security Documents.

11.12 Entire Agreement.

This Agreement and the other Loan Documents, together with all other instruments, agreements and certificates executed by the parties in connection therewith or with reference thereto, embody the entire understanding and agreement between the parties hereto and thereto with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and inducements, whether express or implied, oral or written.

11.13 Interpretation.

No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

11.14 Confidentiality.

Each Lender shall hold all nonpublic information obtained pursuant to the requirements of this Agreement in accordance with such Lender's customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices and in any event may make disclosure reasonably required by a prospective participant or assignee in connection with the contemplated participation or assignment or as required or requested by any governmental authority or representative thereof or pursuant to legal process and shall require any such participant or assignee to agree to comply with this Section 11.14.

11.15 GOVERNING LAW; CONSENT TO FORUM.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES; PROVIDED, HOWEVER, THAT IF ANY OF THE COLLATERAL SHALL BE LOCATED IN ANY JURISDICTION OTHER THAN ILLINOIS, THE LAWS OF SUCH JURISDICTION SHALL GOVERN THE METHOD, MANNER AND PROCEDURE FOR FORECLOSURE OF AGENT'S LIEN UPON SUCH COLLATERAL AND THE ENFORCEMENT OF AGENT'S OTHER REMEDIES IN RESPECT OF SUCH COLLATERAL TO THE EXTENT THAT THE LAWS OF SUCH JURISDICTION ARE DIFFERENT FROM OR INCONSISTENT WITH THE LAWS OF ILLINOIS. AS PART OF THE CONSIDERATION FOR NEW VALUE RECEIVED, AND REGARDLESS OF ANY PRESENT OR FUTURE DOMICILE OR PRINCIPAL PLACE OF BUSINESS OF ANY BORROWER, AGENT OR ANY LENDER, EACH BORROWER HEREBY CONSENTS AND AGREES THAT THE SUPERIOR COURT OF COOK COUNTY, ILLINOIS, OR, AT AGENT'S OPTION, THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN ANY BORROWER OR BORROWERS AND AGENT OR ANY LENDER PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT. EACH BORROWER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND SUCH BORROWER HEREBY WAIVES ANY OBJECTION WHICH SUCH BORROWER MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH BORROWER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH BORROWER AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF ANY BORROWER'S ACTUAL RECEIPT THEREOF OR 3 DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID. NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO AFFECT THE RIGHT OF AGENT TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW, OR TO PRECLUDE THE ENFORCEMENT BY AGENT OF ANY JUDGMENT OR ORDER OBTAINED IN SUCH FORUM OR THE TAKING OF ANY ACTION UNDER THIS AGREEMENT TO ENFORCE SAME IN ANY OTHER APPROPRIATE FORUM OR JURISDICTION.

11.16 WAIVERS BY BORROWERS.

EACH BORROWER WAIVES (i) THE RIGHT TO TRIAL BY JURY (WHICH EACH LENDER HEREBY ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS OR THE COLLATERAL; (ii) PRESENTMENT, DEMAND AND PROTEST AND NOTICE OF PRESENTMENT, PROTEST, DEFAULT, NON PAYMENT, MATURITY, RELEASE, COMPROMISE, SETTLEMENT, EXTENSION OR RENEWAL OF ANY OR ALL COMMERCIAL PAPER, ACCOUNTS, CONTRACT RIGHTS, DOCUMENTS, INSTRUMENTS, CHATTEL PAPER AND GUARANTIES AT ANY TIME HELD BY AGENT OR ANY LENDER ON WHICH ANY BORROWER MAY IN ANY WAY BE LIABLE AND HEREBY RATIFIES AND CONFIRMS WHATEVER AGENT OR ANY LENDER MAY DO IN THIS REGARD; (iii) NOTICE PRIOR TO AGENT'S TAKING POSSESSION OR CONTROL OF THE COLLATERAL OR ANY BOND OR SECURITY WHICH MIGHT BE REQUIRED BY ANY COURT PRIOR TO ALLOWING AGENT TO EXERCISE ANY OF AGENT'S REMEDIES; (iv) THE BENEFIT OF ALL VALUATION, APPRAISEMENT AND EXEMPTION LAWS; AND (v) NOTICE OF ACCEPTANCE HEREOF. EACH BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVERS ARE A MATERIAL INDUCEMENT TO EACH LENDER'S ENTERING INTO THIS AGREEMENT AND THAT EACH LENDER IS RELYING UPON THE FOREGOING WAIVERS IN ITS FUTURE DEALINGS WITH BORROWERS. EACH BORROWER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THE FOREGOING WAIVERS WITH ITS LEGAL COUNSEL AND HAS KNOWINGLY AND VOLUNTARILY WAIVED ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11.17 Appointment and Authorization of Borrowing Agent.

(a) Each Borrower hereby designates and appoints Integra as its agent to act as specified in this Agreement and each of the other Loan Documents and Integra hereby acknowledges such designation and accepts such appointment. Each Borrower hereby irrevocably authorizes and directs Borrowing Agent to take such action on its behalf under the respective provisions of this Agreement and the other Loan Documents, and any other instruments, documents and agreements referred to herein or therein, and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of Borrowing Agent by the respective terms and provisions hereof and thereof, and such other powers as are reasonably incidental thereto, including, without limitation, to take the following actions for and on such Borrower's behalf:

(i) to submit on behalf of each Borrower notices of borrowing (and notices of conversion/continuation) to the Agent in accordance with the provisions of Section 2.3 and subsection 3.1(a), respectively, each such notice to be submitted by Borrowing Agent to the Agent as soon as practicable after its receipt of a request to do so from a Borrower; and

(ii) to receive on behalf of each Borrower the proceeds of the Loans in accordance with the provisions of this Agreement, such proceeds to be disbursed to the applicable Borrower by Borrowing Agent as soon as practicable after its receipt thereof; and

(iii) to submit on behalf of each Borrower requests for the issuance of Letters of Credit and LC Guaranties in accordance with the provisions of subsection 3.1(e), each such request for the issuance of a Letter of Credit or LC Guaranty to be submitted by Borrowing Agent as soon as practicable after its receipt of a request to do so from any Borrower.

The Borrowing Agent is further authorized to take all such actions on behalf of each Borrower necessary to exercise the specific powers granted in clauses (i) through (iii) above and to perform such other duties hereunder and under the Related Documents, and deliver such documents as delegated to or required of the Borrowing Agent by the terms hereof or thereof.

(b) The Borrowing Agent may perform any of its duties hereunder or under any of the Related Documents by or through its agents or employees.

(c) The administration by Agent and Lenders of the respective credit facilities under this Agreement as a co-borrowing facility with a borrowing agent in the manner set forth herein is solely as an accommodation to Borrowers and at their request and neither Agent nor any of the Lenders shall incur any liability to Borrowing Agent or any of the Borrowers as a result thereof.

11.18 Illinois Collateral Protection Act.

Unless Borrowers provide Agent with evidence of the insurance coverage required by this Agreement, Agent may purchase insurance at Borrowers' expense to protect Agent's interests in the Collateral. This insurance may, but need not, protect Borrowers' interests. The coverage that Agent purchases may not pay any claim that Borrowers may make or any claim that is made against Borrowers in connection with the Collateral. Borrowers may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that Borrowers have obtained insurance as required by this Agreement. If Agent purchases insurance for the Collateral, Borrowers will be jointly and severally responsible for the costs of that insurance, including interest and any other charges that may be imposed in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Loans. The costs of the insurance may be more than the cost of insurance Borrowers may be able to obtain on their own.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed in Chicago, Illinois, on the day and year specified at the beginning of this Agreement.

INTEGRA NEUROCARE LLC

By: NEUROCARE HOLDING CORPORATION,
its sole Member

By: /s/ John B. Henneman, III

John B. Henneman, III, President

REDMOND NEUROCARE LLC

By: INTEGRA NEUROCARE LLC, its
sole Member

By: NEUROCARE HOLDING CORPORATION,
its sole Member

By: /s/ John B. Henneman, III

John B. Henneman, III, President

HEYER-SCHULTE NEUROCARE, INC.

By: /s/ John B. Henneman, III

John B. Henneman, III, President

CAMINO NEUROCARE, INC.

By: /s/ John B. Henneman, III

John B. Henneman, III, President

FLEET CAPITAL CORPORATION, in its
capacity as Agent

By: /s/ Robert Lund

        Robert Lund, Vice President

FLEET CAPITAL CORPORATION,
individually as a Lender

By: /s/ Robert Lund

        Robert Lund, Vice President

Term Loan Commitment: $11,000,000.00

Revolving Loan Commitment: $4,000,000.00

Each of the undersigned are executing the foregoing Loan and Security Agreement solely for purposes of Section 1A.1 hereof.

HEYER-SCHULTE NEUROCARE, L.P.

By: SABA MEDICAL MANAGEMENT CO., INC., its General Partner

By: /s/ Gerald W. Klopp

Gerald W. Klopp, Secretary

NEURO NAVIGATIONAL, L.L.C.

By: HEYER-SCHULTE NEUROCARE, L.P., its Managing Member

By: SABA MEDICAL MANAGEMENT CO, INC., its General Partner

By: /s/ Gerald W. Klopp

Gerald W. Klopp, Secretary

APPENDIX A

GENERAL DEFINITIONS

When used in the Amended and Restated Loan and Security Agreement dated as of March 29, 1999, among FLEET CAPITAL CORPORATION, individually as a Lender and in its capacity as Agent, the other Lenders from time to time thereunder, CAMINO NEUROCARE, INC., HEYER-SCHULTE NEUROCARE, INC., INTEGRA NEUROCARE LLC and REDMOND NEUROCARE LLC, as Borrowers, and Integra Neurocare LLC, as Borrowing Agent, the following terms shall have the following meanings (terms defined in the singular to have the same meaning when used in the plural and vice versa):

Account Debtor - any Person who is or may become obligated under or on account of an Account of any Borrower.

Accounts - with respect to each Borrower, all accounts, contract rights, chattel paper, instruments and documents, whether now owned or hereafter created or acquired by such Borrower or in which such Borrower now has or hereafter acquires any interest.

Affiliate - a Person (other than a Subsidiary): (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, a Person; (ii) which beneficially owns or holds 10% or more of any class of the Voting Equity Interests of a Person; or (iii) 10% or more of the Voting Equity Interests of which is beneficially owned or held by a Person or a Subsidiary of a Person.

Aggregate Percentage - with respect to each Lender, the percentage equal to the quotient of (i) such Lender's Loan Commitment divided by (ii) the aggregate of all Loan Commitments.

Agreement - the Loan and Security Agreement referred to in the first sentence of this Appendix A, all Exhibits thereto and this Appendix A.

Amendment Effective Date - March 29, 1999.

Amendment Effective Date Capital Contribution - as defined in Section 8.7 of the Agreement.

Applicable Margin - the percentages set forth below with respect to the Base Rate Revolving Credit Portion, the LIBOR Revolving Credit Portion, the Base Rate Term Portion and the LIBOR Term Portion:

Revolver Base Rate Margin	Revolver LIBOR Margin	Term Loan Base Rate Margin	Term Loan LIBOR Margin
1.00%	2.50%	1.50%	3.00%

Availability - the amount of money which Borrowers are entitled to borrow from time to time as Revolving Credit Loans, such amount being the difference derived when the sum of the principal amount of Revolving Credit Loans then outstanding (including any amounts which Agent may have paid for the account of any Borrower pursuant to any of the Loan Documents and which have not been reimbursed by Borrowers), the LC Amount and the amount of any reserves is subtracted from the Borrowing Base. If the amount outstanding is equal to or greater than the Borrowing Base, Availability is zero ($-0-).

Bank - Fleet National Bank.

Base Rate - the rate of interest announced or quoted by Bank from time to time as its prime rate for commercial loans, whether or not such rate is the lowest rate charged by Bank to its most preferred borrowers; and, if such prime rate for commercial loans is discontinued by Bank as a standard, a comparable reference rate designated by Bank as a substitute therefor shall be the Base Rate.

Base Rate Portion - a Base Rate Term Portion or a Base Rate Revolving Credit Portion.

Base Rate Revolving Credit Portion - that portion of the Revolving Credit Loans that is not subject to a LIBOR Option.

Base Rate Term Portion - that portion of the Term Loans that is not subject to a LIBOR Option.

Beverly Patent Purchase - the purchase by Neurocare L.P. of the French patent and associated rights (Registration # 42-14413) from Serge Glories and Jean-Baptiste Drevet pursuant to that certain Patent Assignment Agreement dated March 19, 1997.

Borrowing Base - as at any date of determination thereof, an amount equal to the lesser of:

(i) $4,000,000; or

(ii) an amount equal to:

10.8.1 85% of the net amount of Borrowers' Eligible Accounts outstanding at such date; provided, that the portion of the Borrowing Base attributable at any time to Eligible Accounts which arise from a sale to an Account Debtor outside the United States which are not supported by (x) a letter of credit or acceptance in form and substance, and issued by a financial institution, in each case satisfactory to Agent in the exercise of its reasonable business judgment, or (y) a guaranty in form and substance, and issued by a United States corporation or other business entity, in each case satisfactory to Agent in the exercise of its reasonable business judgment, shall not exceed $1,250,000;

PLUS

10.8.1 the lesser of (x) $2,000,000 and (y) 50% of the value of Borrowers' Eligible Inventory at such date, calculated on the basis of the lower of cost or market with the cost calculated on a first-in, first-out basis, provided that, notwithstanding the foregoing, the portion of the Borrowing Base attributable at any time to Eligible Inventory consisting of packaging materials shall not exceed $100,000.

For purposes hereof, the net amount of Eligible Accounts at any time shall be the face amount of such Eligible Accounts less any and all returns, rebates, discounts (which may, at Agent's option, be calculated on shortest terms), credits, allowances or excise taxes of any nature at any time issued, owing, claimed by Account Debtors, granted, outstanding or payable in connection with such Accounts at such time. In the event of any material decrease in the value of any of the assets specified in any Borrowing Base, Agent may, as applicable, and after reasonable notice to and consultation with, the applicable Borrower, decrease from time to time the percentage advance rates related to such assets included in the calculating of such Borrowing Base.

Business Day - (i) when used with respect to the LIBOR Option, shall mean a day on which dealings may be effected in deposits of United States Dollars in the London interbank foreign currency deposits market and on which Agent is conducting and other banks may conduct business in London, England, in the State of Wisconsin or the State of Illinois and (ii) when used with respect to any other provision of the Agreement, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Wisconsin or the State of Illinois or is a day on which banking institutions located in either of such states are closed.

Capital Expenditures - expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements, replacements, substitutions or additions thereto which have a useful life of more than one year, including the total principal portion of Capitalized Lease Obligations.

Capitalized Lease Obligation - any Indebtedness represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Change of Ownership - the occurrence or existence of any of the following events or conditions:

(a) Integra shall cease for any reason to be the record and beneficial owner of (i) 100% of the issued and outstanding capital stock of each of Neurocare Inc. and Camino and (ii) 100% of the outstanding units of membership interest of Redmond; or

(b) Holding shall cease for any reason to be the record and beneficial owner of 100% of the outstanding units of membership interest of Integra; or

(c) Integra LifeSciences shall cease for any reason to be the record and beneficial owner of 100% of the issued and outstanding capital stock of Holding.

Closing Date - January 9, 1998.

Code - the Uniform Commercial Code as adopted and in force in the State of Illinois, as from time to time in effect.

Collateral - all of the Property and interests in Property described in Section 5 of the Agreement, and all other Property and interests in Property that now or hereafter secure the payment and performance of any of the Obligations.

Consolidated - the consolidation in accordance with GAAP of the accounts or other items as to which such term applies.

Consolidated Entity - Holding and its consolidated Subsidiaries.

Current Assets - at any date means the amount at which all of the current assets of a Person would be properly classified as current assets shown on a balance sheet at such date in accordance with GAAP.

Default - an event or condition the occurrence of which would, with the lapse of time or the giving of notice, or both, become an Event of Default.

Default Rate - as defined in subsection 2.1(b) of the Agreement.

Distribution - in respect of any corporation, partnership, limited liability company or other business entity means and includes: (i) the payment of any dividends or other distributions on capital stock or equivalent ownership interests of such Person (except distributions in such capital stock or equivalent ownership interests) and (ii) the redemption or acquisition of Securities or equivalent ownership interests of such Person unless made contemporaneously from the net proceeds of the sale of other Securities or equivalent ownership interests, as the case may be.

Distribution Agreement - that certain Distribution Agreement of even date herewith between Integra LifeSciences I, Ltd., a Delaware corporation and Integra, a true, complete and correct copy of which is attached hereto as Exhibit D, without giving effect to any amendments, restatements or other modifications thereof, or supplements thereto, except for any of the foregoing previously consented to in writing by Agent.

Dominion Account - a special account or accounts of Agent established by Borrowers pursuant to the Agreement at banks selected by Borrowers, but acceptable to Agent in its reasonable discretion, and over which Agent shall have sole and exclusive access and control for withdrawal purposes.

Eligible Account - an Account of a Borrower arising in the ordinary course of such Borrower's business from the sale of goods or rendition of services if:

(i) it does not arise out of a sale made by such Borrower to a Subsidiary or an Affiliate of such or any Borrower or to a Person controlled by an Affiliate of any Borrower;

(ii) it does not remain unpaid more than 90 days after the original invoice date;

(iii) no more than 25% of the Accounts from the Account Debtor fail to constitute Eligible Accounts hereunder;

(iv) the total unpaid Accounts of the Account Debtor do not exceed 20% of the net amount of all Eligible Accounts, but only such excess shall not be Eligible Accounts;

(v) no covenant, representation or warranty contained in the Agreement with respect to such Account has been breached;

(vi) the Account Debtor is not also such Borrower's creditor or supplier, or the Account Debtor has not disputed liability with respect to such Account, and the Account Debtor has not made any claim with respect to any other Account due from such Account Debtor, or the Account otherwise is not and may not otherwise become subject to any right of set-off by the Account Debtor, provided that any such Account shall be eligible to the extent that the amount thereof exceeds such contract, dispute, claim, set-off or similar right;

(vii) the Account Debtor has not commenced a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended and has not made an assignment for the benefit of creditors, nor has a decree or order for relief been entered by a court having jurisdiction in the premises in respect of the Account Debtor in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, nor has any other petition or other application for relief under the federal bankruptcy laws been filed against the Account Debtor, nor has the Account Debtor failed, suspended business, ceased to be Solvent, or consented to or suffered a receiver, trustee, liquidator or custodian to be appointed for it or for all or a significant portion of its assets or affairs;

(viii) it does not arise from a sale to the Account Debtor on a bill-and-hold, guaranteed sale, sale-or-return, sale-on-approval, consignment or any other repurchase or return basis;

(ix) the Account Debtor is not the United States of America or any department, agency or instrumentality thereof, unless the such Borrower assigns its right to payment of such Account to Agent for the benefit of Agent and Lenders, in a manner satisfactory to Agent, so as to comply with the Assignment of Claims Act of 1940 (31 U.S.C. ss.203 et seq., as amended);

(x) it is at all times subject to Agent's duly perfected, first priority security interest and to no other Lien that is not a Permitted Lien;

(xi) the goods giving rise to such Account have been delivered to and accepted by the Account Debtor or the services giving rise to such Account have been performed

by such Borrower and accepted by the Account Debtor and the Account otherwise represents a final sale;

(xii) the Account is not evidenced by chattel paper or an instrument of any kind, and has not been reduced to judgment; and

(xiii) such Borrower has not made any agreement with the Account Debtor for any deduction therefrom, except for discounts or allowances which are made in the ordinary course of business for prompt payment and which discounts or allowances are reflected in the calculation of the face value of each invoice related to such Account.

Eligible Inventory - Inventory of Borrowers (other than packaging materials, supplies, displays and parts) if:

(i) it is raw materials or finished goods;

(ii) it is in good, unused and saleable condition;

(iii) it is not slow-moving, obsolete or unmerchantable;

(iv) it meets all standards imposed by any governmental agency or authority;

(v) it conforms in all respects to the warranties and representations set forth in the Agreement;

(vi) it is at all times subject to Agent's duly perfected, first priority security interest and no other Lien except a Permitted Lien;

(vii) it is situated at a location in compliance with the Agreement or is in transit;

provided, that, notwithstanding the foregoing and subject to the limitation set forth in the proviso to paragraph 2 of clause (ii) of the definition of the term Borrowing Base set forth herein, packaging materials which satisfy each of the requirements contained in clauses (v), (vi) and (vii) above shall be deemed Eligible Inventory for purposes of calculating the Borrowing Base.

Environmental Laws - all federal, state and local laws, rules, regulations, ordinances, programs, permits, guidances, orders and consent decrees relating to health, safety and environmental matters.

Equipment - with respect to each Borrower, all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal Property (other than Inventory) of every kind and description used in such Borrower's operations or owned by such Borrower or in which such Borrower has an interest, whether now owned or hereafter acquired

by such Borrower and wherever located, and all parts, accessories and special tools and all increases and accessions thereto and substitutions and replacements therefor.

Equity Contribution Proceeds means proceeds of contributions to the capital of Integra by Holding received by Integra in cash, other than the Amendment Effective Date Capital Contribution.

Equity Contribution Proceeds Allocation Certificate means a Certificate executed by the chief financial officer of the Borrowing Agent and delivered to the Agent in connection with any Capital Expenditure made with Equity Contribution Proceeds, certifying (a) the aggregate amount of Unallocated Equity Contribution Proceeds as of the date of such Capital Expenditure, without giving effect thereto, (b) the amount and a brief description thereof and (c) the aggregate amount of Unallocated Equity Contribution Proceeds after giving effect thereto.

ERISA - the Employee Retirement Income Security Act of 1974, as amended, and all rules and regulations from time to time promulgated thereunder.

Event of Default - as defined in Section 9.1 of the Agreement.

Excess Cash Flow - with respect to any fiscal period of the Consolidated Entity, 50% of the following amount: net income of the Consolidated Entity plus, to the extent deducted in determining such net income, the sum of (a) depreciation and amortization, (b) non-cash interest expense and (c) non-cash income taxes, and minus the sum of (x) regularly scheduled payments of principal on Indebtedness for Borrowed Money and (y) Capital Expenditures which are not financed, in each case determined without duplication in accordance with GAAP for such fiscal period.

Fee Letter - that certain fee letter agreement of even date herewith among Fleet, Agent and Borrowers.

GAAP - generally accepted accounting principles in the United States of America in effect from time to time.

General Intangibles - with respect to each Borrower, all personal property of such Borrower (including things in action) other than goods, Accounts, chattel paper, documents, instruments and money, whether now owned or hereafter created or acquired by such Borrower.

Guarantors - Holding and any other Person who may hereafter guarantee payment or performance of the whole or any part of the Obligations.

Guaranty Agreements - the Continuing Guaranty Agreements which are to be executed by each Guarantor in form and substance satisfactory to Agent.

Holding - Neurocare Holding Corporation, a Delaware corporation.

Indebtedness - as applied to a Person means, without duplication:

(i) all items which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person as at the date as of which Indebtedness is to be determined, including, without limitation, Capitalized Lease Obligations,

(ii) all obligations of other Persons which such Person has guaranteed,

(iii) all reimbursement obligations in connection with letters of credit or letter of credit guaranties issued for the account of such Person, and

(iv) in the case of each Borrower, the Obligations.

Integra Acquisition Documents - the Integra Asset Purchase Agreement and all agreements, documents and instruments executed and delivered by any Person pursuant thereto or in connection therewith, without giving effect to any amendments, restatements or other modifications thereof, or supplements thereto, except for any of the foregoing previously consented to in writing by Agent.

Integra Asset Purchase Agreement - that certain Asset Purchase Agreement of even date herewith among the Assigning Sellers, Integra and Redmond.

Integra Constituent Documents - The Integra Limited Liability Company Agreement and the Certificate of Formation of Integra.

Integra Limited Liability Company Agreement - the Limited Liability Company Agreement of Integra NeuroCare LLC dated as of March 29, 1999.

Integra LifeSciences - Integra LifeSciences Corporation, a Delaware corporation.

Inventory - with respect to each Borrower, all of such Borrower's inventory, whether now owned or hereafter acquired including, but not limited to, all goods intended for sale or lease by such Borrower, or for display or demonstration; all work in process; all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, printing, packing, shipping, advertising, selling, leasing or furnishing of such goods or otherwise used or consumed in such Borrower's business; and all documents evidencing General Intangibles of such Borrower relating to any of the foregoing, whether now owned or hereafter acquired by such Borrower.

Investment Property - with respect to each Borrower, all of such Borrower's investment property, whether now owned or hereafter acquired, including, but not limited to, all securities (certificated or uncertificated), securities accounts, securities entitlements, commodity accounts and commodity contracts.

LC Amount - at any time, the aggregate undrawn face amount of all Letters of Credit and LC Guaranties then outstanding.

LC Guaranty - any guaranty pursuant to which Agent or any Affiliate of Agent shall guaranty the payment or performance by any Borrower of its reimbursement obligation under any letter of credit.

Legal Requirement - any requirement imposed upon Lender by any law of the United States of America or by any regulation, order, interpretation, ruling or official directive (whether or not having the force of law) of the Federal Reserve Board, or any other board, central bank or governmental or administrative agency, institution or authority of the United States of America, the United Kingdom or any political subdivision of either thereof.

Letter of Credit - any letter of credit issued by Agent or any of Agent's Affiliates for the account of any Borrower.

LIBOR Interest Payment Date - with respect to any LIBOR Portion, the last day of each calendar month during the applicable LIBOR Period.

LIBOR Option - the option granted pursuant to Section 2.3 of the Agreement to have the interest on all or any portion of the principal amount of the Revolving Credit Loans or the Term Loans based on a LIBOR Rate.

LIBOR Period - any period of one month, two months, three months or six months, commencing on a Business Day, selected as provided in subsection 2.3(i); provided, however that no LIBOR Period shall extend beyond the last day of the Term unless Borrowers and Lender have agreed to an extension of the Term beyond the expiration of the LIBOR Period in question and that, with respect to any LIBOR Term Portion, no applicable LIBOR Period shall extend beyond the scheduled installment payment date for such LIBOR Term Portion. If any LIBOR Period so selected shall end on a date that is not a Business Day, such LIBOR Period shall instead end on the next preceding or succeeding Business Day as determined by Agent in accordance with the then current banking practice in London; provided, that Borrowers shall not be required to pay double interest, even though the preceding LIBOR Period ends and the new LIBOR Period begins on the same day. Each determination by Agent of the LIBOR Period shall, in the absence of manifest error, be conclusive.

LIBOR Portion - a LIBOR Revolving Credit Portion or a LIBOR Term Portion.

LIBOR Rate - with respect to any LIBOR Portion for the related LIBOR Period, an interest rate per annum (rounded upwards, if necessary, to the next higher 1/8 of 1%) equal to the product of (i) the Base LIBOR Rate (as hereinafter defined) multiplied by (ii) Statutory Reserves. For purposes of this definition, the term "Base LIBOR Rate" shall mean the rate (rounded to the nearest 1/8 of 1% or, if there is no nearest 1/8 of 1%, the next higher 1/8 of 1%) at which deposits of U.S. dollars approximately equal in principal amount to the LIBOR Portion specified in the applicable LIBOR Request are offered to Agent by prime banks in the London interbank foreign currency deposits market at approximately 11:00 a.m., London time, 2 Business Days prior to the commencement of such LIBOR Period, for delivery on the first day of

such LIBOR Period. Each determination by Agent of any LIBOR Rate shall, in the absence of manifest error, be conclusive.

LIBOR Request - a notice in writing (or by telephone confirmed by telex, telecopy or other facsimile transmission on the same day as the telephone request) from Borrowing Agent to Agent requesting that interest on a Revolving Credit Loan or a portion of the Term Loans be based on the LIBOR Rate, specifying: (i) the first day of the LIBOR Period; (ii) the length of the LIBOR Period consistent with the definition of that term; and (iii) the dollar amount of the LIBOR Revolving Credit Portion or the LIBOR Term Portion consistent with the definition of such terms.

LIBOR Revolving Credit Portion - that portion of the Revolving Credit Loans specified in a LIBOR Request (including any portion of Revolving Credit Loans which is being borrowed by Borrowers concurrently with such LIBOR Request) which is not less than $500,000 and is an integral multiple of $100,000, which does not exceed the outstanding balance of Revolving Credit Loans not already subject to a LIBOR Option and, which, as of the date of the LIBOR Request specifying such LIBOR Revolving Credit Portion, has met the conditions for basing interest on the LIBOR Rate in Section 2.3 of the Agreement and the LIBOR Period of which was commenced and not terminated.

LIBOR Term Portion - that portion of the Term Loans specified in a LIBOR Request which is not less than $500,000 and is an integral multiple of $100,000, which does not exceed the outstanding balance of the Term Loans not already subject to a LIBOR Option and, which, as of the date of the LIBOR Request specifying such LIBOR Term Portion, has met the conditions for basing interest on the LIBOR Rate in Section 2.3 of the Agreement and the LIBOR Period of which was commenced and not terminated.

Lien - any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on common law, statute or contract. The term "Lien" shall also include rights of seller under conditional sales contracts or title retention agreements, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purpose of the Agreement, Borrower shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

Loan Account - the loan account established on the books of Agent pursuant to Section 3.7 of the Agreement.

Loan Commitment - with respect to any Lender, the amount of such Lender's Revolving Loan Commitment plus such Lender's Term Loan Commitment.

Loan Documents - the Agreement, the Other Agreements and the Security Documents.

Loans - all loans and advances of any kind made by any Lender pursuant to the Agreement.

Management Services Agreement - that certain Management Services Agreement of even date herewith between Integra and Integra LifeSciences I, Ltd., a Delaware corporation, a true, complete and correct copy of which is attached hereto as Exhibit E, without giving effect to any amendments, restatements or modifications thereof or supplements thereto, except for any of the foregoing previously consented to in writing by Agent.

Material Adverse Effect - (i) a material adverse effect on the business, condition (financial or otherwise), operation, performance or properties of any Borrower or any Subsidiary of any Borrower, (ii) a material adverse effect on the rights and remedies of Agent or Lenders under the Loan Documents, or (iii) the material impairment of the ability of any Borrower or any Subsidiary of any Borrower to perform its obligations hereunder or under any Loan Document.

Majority Lenders - as of any date, Lenders holding 66-2/3% or more of the Aggregate Percentages of all Lenders as of such date.

Money Borrowed - means (i) Indebtedness arising from the lending of money by any Person to any Borrower; (ii) Indebtedness, whether or not in any such case arising from the lending by any Person of money to any Borrower, (1) which is represented by notes payable or drafts accepted that evidence extensions of credit, (2) which constitutes obligations evidenced by bonds, debentures, notes or similar instruments, or (3) upon which interest charges are customarily paid (other than accounts payable) or that was issued or assumed as full or partial payment for Property; (iii) Indebtedness that constitutes a Capitalized Lease Obligation; (iv) reimbursement obligations with respect to letters of credit or guaranties of letters of credit and (v) Indebtedness of any Borrower under any guaranty of obligations that would constitute Indebtedness for Money Borrowed under clauses (i) through (iii) hereof, if owed directly by any Borrower.

Multiemployer Plan - has the meaning set forth in Section 4001(a)(3) of ERISA.

Obligations - all Loans and all other advances, debts, liabilities, obligations, covenants and duties, together with all interest, fees and other charges thereon, owing, arising, due or payable from any Borrower to any Lender of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether arising under the Agreement or any of the other Loan Documents or otherwise whether direct or indirect (including those acquired by assignment), absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising and however acquired.

Off-Site Inventory - as defined in subsection 6.1(f) of the Agreement.

Other Agreements - any and all agreements, instruments and documents (other than the Agreement and the Security Documents), heretofore, now or hereafter executed by any Borrower, any Subsidiary of any Borrower or any other third party and delivered to Agent in respect of the transactions contemplated by the Agreement.

Overadvance - the amount, if any, by which the outstanding principal amount of Revolving Credit Loans plus LC Amount plus reserves, if any, exceeds the Borrowing Base.

Participating Lender - each Person who shall be granted the right by Lender to participate in any of the Loans described in the Agreement and who shall have entered into a participation agreement in form and substance satisfactory to Lender.

Permitted Liens - any Lien of a kind specified in subsection 7.2(e) of the Agreement.

Permitted Purchase Money Indebtedness - Purchase Money Indebtedness of any Borrower incurred after the date hereof which is secured by a Purchase Money Lien and which, when aggregated with the principal amount of all other such Indebtedness and Capitalized Lease Obligations of all Borrowers at the time outstanding, does not exceed $500,000. For the purposes of this definition, the principal amount of any Purchase Money Indebtedness consisting of capitalized leases shall be computed as a Capitalized Lease Obligation.

Person - an individual, partnership, corporation, limited liability company, joint stock company, land trust, business trust, or unincorporated organization, or a government or agency or political subdivision thereof.

Plan - an employee benefit plan now or hereafter maintained for employees of any Borrower that is covered by Title IV of ERISA.

Projections - the Consolidated Entity's forecasted Consolidated and consolidating (i) balance sheets, (ii) profit and loss statements and (iii) cash flow statements, all prepared on a consistent basis with the Consolidated Entity's historical financial statements, together with such descriptions of underlying assumptions and other supporting details in each case as shall be reasonably requested by Agent.

Property - with respect to each Borrower, any interest in any kind of property or asset of such Borrower, whether real, personal or mixed, or tangible or intangible.

Purchase Money Indebtedness - means and includes (i) Indebtedness (other than the Obligations) for the payment of all or any part of the purchase price of any fixed assets, (ii) any Indebtedness (other than the Obligations) incurred at the time of or within 10 days prior to or after the acquisition of any fixed assets for the purpose of financing all or any part of the purchase price thereof, and (iii) any renewals, extensions or refinancings thereof, but not any increases in the principal amounts thereof outstanding at the time.

Purchase Money Lien - a Lien upon fixed assets which secures Purchase Money Indebtedness, but only if such Lien shall at all times be confined solely to the fixed assets (and insurance for same) the purchase price of which was financed through the incurrence of the Purchase Money Indebtedness secured by such Lien.

Redmond Constituent Documents - The Redmond Limited Liability Company Agreement and the Certificate of Formation of Redmond.

Redmond Limited Liability Company Agreement - the Limited Liability Company Agreement of Redmond Neurocare LLC dated as of ___, 1999.

"Redmond Notes" means the Subordinated Promissory Notes, dated January 2, 1997, from Heyer-Schulte Neurocare, L.P. to Redmond Neurotechnologies Corporation in the face amount of $600,000 and $450,000, respectively.

Rentals - as defined in subsection 7.2(l) of the Agreement.

Reportable Event - any of the events set forth in Section 4043(b) of ERISA.

Reserves - as defined in subsection 1.1(a) of the Agreement.

Restricted Investment - any investment made in cash or by delivery of Property to any Person, whether by acquisition of stock, Indebtedness or other obligation or Security, or by loan, advance or capital contribution, or otherwise, or in any Property, except the following:

(i) investments, to the extent existing on the Effective Date, in one or more Subsidiaries of any Borrower by such Borrower;

(ii) Property to be used in the ordinary course of business of any Borrower or any Subsidiary of any Borrower;

(iii) Current Assets arising from the sale of goods and services in the ordinary course of business of any Borrower or any Subsidiary of any Borrower;

(iv) investments in direct obligations of the United States of America, or any agency thereof or obligations guaranteed by the United States of America, provided that such obligations mature within one year from the date of acquisition thereof;

(v) investments in certificates of deposit maturing within one year from the date of acquisition issued by a bank or trust company organized under the laws of the United States or any state thereof having capital surplus and undivided profits aggregating at least $100,000,000;

(vi) investments in commercial paper given the highest rating by a national credit rating agency and maturing not more than 270 days from the date of creation thereof; and

(vii) investments in any wholly-owned Subsidiary of a Borrower in addition to any such Subsidiaries in existence on the Amendment Effective Date, so long as in each case, (A) concurrently therewith, such Subsidiary is joined as a party to the Agreement and all other applicable Loan Documents and shall have taken such further actions and

executed such additional documents and instruments as Agent may reasonably determine to be necessary or desirable to further carry out and consummate the provisions contemplated by the Loan Documents with respect to such Subsidiary, including, without limitation, the granting to Agent for the benefit of Agent and Lenders of an enforceable, first, prior (subject to Permitted Liens) and perfected Lien on substantially all properties and assets of such Subsidiary and (B) the Agent shall have been granted for the benefit of the Agent and Lenders an enforceable, first, prior (subject to Permitted Liens) and perfected Lien on all equity and other interests of any kind of therein and shall have received duly executed copies of all instruments and documents as Agent may reasonably deem necessary or desirable in connection therewith, including, without limitation, UCC financing statements.

Revolving Credit Loan - a Loan made by Lenders as provided in Section 1.1 of the Agreement.

Revolving Loan Commitment - with respect to each Lender, the amount of such Lender's Commitment pursuant to subsection 1.1(a) of the Agreement, as set forth next to such Lender's name on the signature page thereof.

Revolving Loan Percentage - with respect to each Lender, the percentage equal to the quotient of such Lender's Revolving Loan Commitment divided by the aggregate of all Revolving Loan Commitments.

Security - shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

Security Documents - the Guaranty Agreements and all other instruments and agreements now or at any time hereafter securing the whole or any part of the Obligations.

Solvent - as to any Person, such Person (i) owns Property whose fair saleable value on a going concern basis is greater than the amount required to pay all of such Person's Indebtedness (including contingent debts), (ii) is able to pay all of its Indebtedness as such Indebtedness matures and (iii) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage.

Statutory Reserves - a fraction (expressed as a decimal) the numerator of which is the number one, and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including, without limitation, any marginal, special, emergency or supplemental reserves), expressed as a decimal, established by the Board of Governors of the Federal Reserve System and any other banking authority to which Bank or any Lender is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board of Governors of the Federal Reserve System or any successor thereto). Such reserve percentages shall include, without limitation, those imposed under such Regulation D. LIBOR Portions shall be deemed to constitute Eurocurrency Liabilities and as such shall be deemed to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to Bank or any Lender under such Regulation D. Statutory Reserves

shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

Subsidiary - of any Person, any corporation, partnership, limited liability company or other business entity of which such Person owns, directly or indirectly through one or more intermediaries, more than 50% of the Voting Equity Interests at the time of determination.

Tax - in relation to any LIBOR Portion and the applicable LIBOR Rate, any tax, levy, impost, duty, deduction, withholding or charges of whatever nature required by any Legal Requirement (i) to be paid by Lender and/or (ii) to be withheld or deducted from any payment otherwise required hereby to be made by any Borrower to Lender; provided, that the term "Tax" shall not include any taxes imposed upon the net income of any Lender.

Tax Sharing Agreement - that certain Tax Sharing Agreement, effective as of the first day of the consolidated return year beginning January 1, 1999, among Borrowers, Holding, Integra LifeSciences and certain of their affiliates, a true, complete and correct copy of which is attached hereto as Exhibit F, without giving effect to any amendments, restatements or other modifications thereof, or supplements thereto, except for any of the foregoing previously consented to in writing by Agent.

Term - as defined in Section 4.1 of the Agreement.

Term Loans - the Loans described in Section 1.2 of the Agreement.

Term Notes - the Substituted and Amended Secured Promissory Note to be executed by Borrowers on or about the Amendment Effective Date in favor Agent, substantially in the form of Exhibit A to the Agreement.

Term Loan Commitment - with respect to any Lender, the amount of such Lender's Commitment to lend pursuant to Section 1.2 of the Agreement, as set forth next to such Lender's name on the signature pages hereof.

Term Loan Percentage - with respect to each Lender, the percentage equal to the quotient of such Lender's Term Loan Commitment divided by the aggregate of all Term Loan Commitments.

Total Credit Facility - $15,000,000 minus all repayments of principal made after the Amendment Effective Date with respect to the Term Loans.

Unallocated Equity Contribution Proceeds means, at any time, the excess, if any, at such time of (a) the aggregate amount of Equity Contribution Proceeds received by Borrowers after the Amendment Effect Date over (b) the aggregate amount thereof previously allocated to a Capital Expenditure.

Voting Equity Interests - of any corporation, partnership, limited liability company or other business entity, as the case may be, Securities (or equivalent ownership or controlling

interests) of any class or classes of such entity entitled (without regard to the occurrence of any contingency) to vote in the election of directors or managers (or Persons performing similar functions) thereof.

Other Terms. All other terms contained in the Agreement shall have, when the context so indicates, the meanings provided for by the Code to the extent the same are used or defined therein.

Certain Matters of Construction. The terms "herein", "hereof" and "hereunder" and other words of similar import refer to the Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. The section titles, table of contents and list of exhibits appear as a matter of convenience only and shall not affect the interpretation of the Agreement. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. All references to any of the Loan Documents shall include any and all modifications thereto and any and all extensions or renewals thereof.

EXHIBITS

EXHIBIT A	Substituted and Amended Term Note
EXHIBIT B	Compliance Certificate
EXHIBIT C	Financial Covenants
EXHIBIT D	Distribution Agreement
EXHIBIT E	Management Services Agreement
EXHIBIT F	Tax Sharing Agreement

SCHEDULES

SCHEDULE 6.1(a)	Organization and Qualification
SCHEDULE 6.1(d)	Capital Structure
SCHEDULE 6.1(e)	Corporate Names
SCHEDULE 6.1(f)	Business Locations; Agent for Process
SCHEDULE 6.1(k)	Full Disclosure
SCHEDULE 6.1(n)	Tax Identification Numbers of Borrowers
SCHEDULE 6.1(o)	Brokers
SCHEDULE 6.1(p)	Patents, Trademarks, Copyrights and Licenses
SCHEDULE 6.1(s)	Contracts Restricting Borrower's Right to Incur Debts
SCHEDULE 6.1(t)	Litigation
SCHEDULE 6.1(v)	Leases
SCHEDULE 6.1(w)	Pension Plans
SCHEDULE 6.1(y)	Labor Relations
SCHEDULE 7.2(e)	Permitted Liens

Exhibit 10.4

SUBSTITUTED AND AMENDED
TERM NOTE

$11,000,000.00 January 8, 1998

Chicago, Illinois
Substituted and Amended
March 29, 1999

FOR VALUE RECEIVED, each of the undersigned (individually, a "Borrower" and collectively, the "Borrowers"), jointly and severally, hereby promises to pay to the order of FLEET CAPITAL CORPORATION, a Rhode Island corporation, in its capacity as agent (in such capacity, "Agent") for itself, as a "Lender" and each of the other "Lenders" (as such terms are defined in the Loan Agreement hereinafter referred to), for the ratable benefit of all Lenders, in such coin or currency of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, the principal sum of ELEVEN MILLION AND NO/100 DOLLARS ($11,000,000.00), together with interest from and after the date hereof on the unpaid principal balance outstanding at a variable rate per annum equal to the Base Rate plus one and one-half percent (1.5%). If Borrowers exercise the LIBOR Option as provided in Section 2.3 of the Loan Agreement, interest shall accrue at a variable rate equal to the LIBOR Rate plus three percent (3%).

This Term Note (this "Note") is referred to in, and is issued pursuant to, that certain Loan and Security Agreement of even date herewith by and among the undersigned, Agent and Lenders (the "Loan Agreement") and is entitled to all of the benefits and security of the Loan Agreement. All of the terms, covenants and conditions of the Loan Agreement and all other instruments evidencing or securing the indebtedness hereunder (including, without limitation, the "Security Documents") are hereby made a part of this Note and are deemed incorporated herein in full. All capitalized terms used herein, unless otherwise specifically defined in this Note, shall have the meanings ascribed to them in the Loan Agreement.

It is expressly understood and agreed by Borrowers that (a) the principal balance of this Note includes certain Obligations hitherto evidenced by that certain Term Note dated January 8, 1998, in the original principal amount of $15,000,000 (the "Existing Note"), executed by the Borrowers (as defined in the Original Loan Agreement) and payable to the Agent and (b) to the extent any of such Obligations are included in the principal balance of this Note, this Note, (i) merely re-evidences the obligations hitherto evidenced by the Existing Note, (ii) is given in substitution for and not in repayment of the Existing Note and (iii) is in no way intended to constitute a novation of the Existing Note.

Each Borrower acknowledges and understands that the Base Rate merely serves as a basis upon which effective rates of interest are calculated for loans making reference to the per annum

rate of interest publicly announced by Bank from time to time as its prime rate for commercial loans whether or not such rate is the lowest rate charged by Bank to its most preferred borrowers (and if such prime rate for commercial loans is discontinued by Bank as a standard, a comparable reference rate designed by Bank as a substitute therefor shall be the Base Rate) and that such rate may not be the lowest or best rate at which Bank calculates interest or extends credit. After the date hereof, the rate of interest in effect hereunder shall be increased or decreased, as the case may be, by an amount equal to any increase or decrease in the Base Rate, with such adjustments to be effective as of the opening of business on the date that any such change in the Base Rate becomes effective. The Base Rate in effect on the date hereof shall be the Base Rate effective as of the opening of business on the date hereof, but if this Note is executed on a day that is not a Business Day, the Base Rate in effect on the date hereof shall be the Base Rate effective as of the opening of business on the last Business Day immediately preceding the date hereof. Upon and after the occurrence of an Event of Default, and during the continuation thereof, at the option of Agent or Majority Lenders, the outstanding principal balance of this Note shall bear interest at a variable rate per annum equal to the Default Rate.

All interest hereunder shall be computed in the manner provided in Section 2 of the Loan Agreement and shall be due and payable on the dates provided in subsection 3.2(b).

In no contingency or event whatsoever, whether by reason of advancement of the proceeds hereof or otherwise, shall the amount paid or agreed to be paid to Agent for the use, forbearance or detention of money advanced hereunder exceed the highest lawful rate permissible under any law which a court of competent jurisdiction may deem applicable hereto. In the event that such a court determines that Agent has charged or received interest hereunder in excess of the highest applicable rate, such rate automatically shall be reduced to the maximum rate permitted by law and Agent promptly shall refund to Borrowers any interest received by it in excess of the maximum lawful rate. It is the intent hereof that no Borrower pay or contract to pay, and that Agent not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by Borrowers under applicable law.

The principal amount of this Note shall be due and payable on the respective dates set forth below in the respective amounts set forth opposite such dates:

Payment Date	Payment Amount
April 1, 1999	$ 375,000
July 1, 1999	$ 375,000
October 1, 1999	$ 375,000
January 1, 2000	$ 375,000
April 1, 2000	$ 625,000
July 1, 2000	$ 625,000
October 1, 2000	$ 625,000
January 1, 2001	$ 625,000

Payment Date	Payment Amount
April 1, 2001	$ 625,000
July 1, 2001	$ 625,000
October 1, 2001	$ 625,000
January 1, 2002	$ 625,000
April 1, 2002	$ 875,000
July 1, 2002	$ 875,000
October 1, 2002	$ 875,000
January 1, 2003	$ 875,000
April 1, 2003	$ 875,000
July 1, 2003	The then outstanding aggregate principal balance thereof

Additionally, Borrowers shall make mandatory prepayments on this Note as set forth in subsections 3.3(a) and (b) of the Loan Agreement. Borrowers may prepay this Note as specified in subsection 3.3(c) the Loan Agreement.

Notwithstanding the foregoing, the entire unpaid principal balance and accrued interest on this Note shall be due and payable immediately upon any termination of the Loan Agreement.

Borrowers may terminate the Loan Agreement and, in connection with such termination, prepay this Note in the manner provided in Section 4.2 of the Loan Agreement. If Agent shall terminate the Loan Agreement, then, in connection with such termination, Borrowers shall prepay the Note in the manner provided in Section 4.2 of the Loan Agreement.

The occurrence of an Event of Default under the Loan Agreement, including the failure to pay any installment of interest in full in accordance with the terms of the Loan Agreement, shall constitute an event of default under this Note and shall entitle Agent, at the option of the Agent, to declare the then outstanding principal balance and accrued interest hereof to be, and the same shall thereupon become, immediately due and payable without notice to or demand upon any Borrower, all of which each Borrower hereby expressly waives. If this Note is collected by or through an attorney at law, then Borrowers shall be obligated to pay, in addition to the unpaid principal balance and accrued interest hereof, reasonable attorney's fees.

Time is of the essence of this Note. To the fullest extent permitted by applicable law, each Borrower, for itself and its legal representatives, successors and assigns, expressly waives presentment, demand, protest, notice of dishonor, notice of non-payment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws.

Wherever possible each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Note. No delay or failure on the part of Lender or Agent in the exercise of any right or remedy hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise by Lender or Agent of any right or remedy preclude any other right or remedy. Lender or Agent, at its option, may enforce its rights against any collateral securing this Note without enforcing its rights against any Borrower, any guarantor of the indebtedness evidenced hereby or any other property or indebtedness due or to become due to any Borrower. Each Borrower agrees that, without releasing or impairing such Borrower's liability hereunder, Lender or Agent may at any time release, surrender, substitute or exchange any collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note.

This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois without regard to conflicts of laws principles.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each Borrower has caused this Note to be duly executed and delivered in Chicago, Illinois, on the date first above written.

INTEGRA NEUROCARE LLC, a
Delaware limited liability company

By: NEUROCARE HOLDING CORPORATION,
its sole Member

By: /s/John B. Henneman, III

John B. Henneman, III

REDMOND NEUROCARE LLC, a
Delaware limited liability company

By: INTEGRA NEUROCARE LLC, its
sole Member

By: INTEGRA HOLDING CORPORATION, its
sole Member

By: /s/John B. Henneman, III

John B. Henneman, III

HEYER-SCHULTE NEUROCARE, INC., a
Delaware corporation

By: /s/John B. Henneman, III

John B. Henneman, III

CAMINO NEUROCARE, INC., a
Delaware corporation

By: /s/John B. Henneman, III

John B. Henneman, III

Exhibit 99

NEWS RELEASE
March 29, 1999

Contact:
Integra LifeSciences Corporation
Judy Brenna, Director, Corporate Communications
(609) 936-2398
jbrenna@integra-LS.com

Noonan/Russo Communications, Inc.
(212) 696-4455
Meredith Milewicz, Investor, x228
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Integra LifeSciences Announces Acquisition of NeuroCare
A Leader in Neurosurgical Implants and Monitoring Devices

Plainsboro, NJ, March 29, 1999/PR Newswire/--Integra LifeSciences Corporation (Nasdaq: IART) today announced that it has acquired the business, including certain assets and liabilities of the NeuroCare group of companies, a leading provider of neurosurgical products, for an acquisition price of $25 million. NeuroCare designs, manufactures and sells implants, instruments and monitors used in neurosurgery and intensive care units, primarily for the treatment of hydrocephalus and neurological trauma. NeuroCare's product lines include the Camino, Heyer-Schulte, Redmond and Neuro Navigational brand names.

Revenue of the acquired business was $32.5 million in 1998 and earnings before interest, taxes, depreciation and amortization were $5.6 million, excluding a goodwill impairment charge. Integra believes that the acquisition will be accretive to earnings.

In addition to NeuroCare's comprehensive portfolio of neurosurgical products, its 18 direct sales representatives and three clinical specialists provide Integra with a leading sales and marketing network in the U.S. for Integra's pipeline of neurosurgical products. Integra's newest neurosurgical medical device, DuraGenTM Dural Graft Matrix, recently received the CE Mark Certification for marketing in the European Union, and is currently under FDA review. Integra's peripheral nerve guide is in Phase II clinical trials in Europe. Altogether, NeuroCare's direct domestic sales force, combined with a network of approximately 60 international distributors, enable the Company to sell products in over 50 countries worldwide.

The $25 million acquisition price was comprised of $14 million of cash and $11 million of assumed indebtedness under a term loan from Fleet Capital Corporation. Fleet is also providing

a $4 million revolving credit facility. The cash portion of the purchase price was financed in part by affiliates of Soros Private Equity Partners LLC, through the sale of $10 million of Integra Series B Preferred Stock and related warrants. The convertible preferred shares are convertible into approximately 2.6 million shares of Integra common stock and the warrants are to acquire 240,000 shares of Integra common stock. The conversion feature in Soros Private Equity Partners' affiliates' investment is not subject to any future adjustment tied to Integra's stock price. Integra will provide the balance of the cash portion of the purchase price.

Stuart M. Essig, Integra President and Chief Executive Officer, commented, "This acquisition transforms Integra. It establishes Integra's neurosurgical business as an industry leader, broadens and strengthens Integra with a well-trained and experienced sales group, and strengthens Integra's revenues and cash flow. If the acquisition had occurred at the beginning of 1998, the combined revenue of Integra and NeuroCare would have been approximately $50 million during 1998. We are now positioned to accelerate the pace of our acquisition and partnership program in 1999. Each new acquisition strengthens our strategic plan for becoming a global leader of implantable medical devices and biopharmaceutical therapies. We are especially pleased that sophisticated investment advisors like Soros Private Equity Partners recognize Integra's potential in the marketplace."

Neal Moszkowski, a partner at Soros Private Equity Partners, said, "We are pleased to complete this investment in Integra LifeSciences to help finance the acquisition of the NeuroCare group of companies. We have the utmost confidence in management's ability to integrate NeuroCare effectively. Furthermore, the acquisition is substantially accretive and positions Integra to accelerate the commercialization of its neurosurgical product portfolio, particularly DuraGen(TM)."

NeuroCare's assets include the Camino manufacturing, packaging and distribution facility in San Diego, CA, which manufactures the Camino and Neuro Navigational brand products, and the Heyer-Schulte manufacturing facility in Anasco, Puerto Rico, as well as corporate headquarters located in Pleasant Prairie, WI. While leveraging the existing NeuroCare infrastructure, Integra anticipates realizing significant cost reductions through the consolidation of its facilities. Integra expects to close NeuroCare's Pleasant Prairie facility by August 1, 1999. Certain employees at that site will be transferred to either NeuroCare's San Diego or Puerto Rico facilities, or to Integra's corporate headquarters and manufacturing facility in Plainsboro, NJ. Mr. Essig noted, "Reduction in duplicative facilities and functions has the potential to improve the profitability of NeuroCare and Integra. The Company expects that the consolidation will result in significant cost savings within the first 18 months."

NeuroCare will be named Integra NeuroCare and will operate as a wholly owned subsidiary of Integra LifeSciences.

Mr. Essig also announced the following organizational appointments at Integra NeuroCare:

George McHugh to Senior Vice President and General Manager
Simon Archibald, Ph.D. to Vice President of Research and Development
Robert Sciote to Vice President, North America Sales
Jordan Warshafsky to Vice President of Marketing

NationsBanc Montgomery Securities advised Integra on the acquisition.

Integra LifeSciences has its corporate headquarters in Plainsboro, NJ. Integra NeuroCare and the Integra Corporate Research Center are located in San Diego, CA. Integra NeuroCare also has facilities in Pleasant Prairie, WI and Anasco, Puerto Rico. The Company has approximately 400 employees. Please feel free to visit the Company's Website at (http://www.integra-LS.com).

Soros Private Equity Partners LLC ("SPEP") is an investment advisor and an affiliate of Soros Fund Management LLC. SPEP is responsible for making direct private equity investments on behalf of Quantum Industrial Partners, a $3.5 billion investment fund and one of the Quantum Group of Funds. SPEP has twelve investment professionals located in New York and London. The Quantum Group of Funds is not available to U.S. investors.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ from predicted results. Such statements can be identified by the use of forward-looking terminology such as "will," "anticipate," "estimate," or similar words. Achieving the anticipated benefits of the NeuroCare acquisition will depend in part upon whether the integration of the two companies' businesses is accomplished in an efficient manner, and there can be no assurance that this will occur. Further forward-looking factors include, but are not limited to, new product development, governments approvals, market potential and resulting sales as well as potential therapeutic applications, and additional acquisitions. In addition, the economic, competitive, governmental, technological and other factors identified in Integra's filings with the Securities and Exchange Commission could affect such results.

Background Fact Sheets follow:

Integra NeuroCare Fact Sheet

Integra NeuroCare is a wholly owned subsidiary of Integra LifeSciences Corporation.

Integra NeuroCare is a leading supplier of neurosurgical products with sales in 1998 of over $32 million. NeuroCare sells direct in the United States through 18 direct sales representatives and three clinical specialists in the U.S. and through approximately 60 international distributors who cover over 50 countries worldwide.

The NeuroCare group of companies has had a strong record of innovation in the field of neurosurgical products. Roderick G. Johnson founded NeuroCare in early 1994 in partnership with Continental Illinois Venture Corporation, and subsequently acquired the Heyer-Schulte neurosurgical shunt business; the Camino Laboratories intracranial pressure (ICP) monitoring devices; certain assets of Redmond Neurotechnologies, a provider of specialty surgical instruments; and the Neuro Navigational neuroendoscopy product line.

From 1995 to 1998, NeuroCare increased revenue by a compound annual growth rate of approximately 13 percent, including acquisitions, with over 90 percent of total revenue from the Camino and Heyer-Schulte divisions.

NeuroCare has established an excellent reputation in the neurosurgery community by consistently bringing innovative technologies to market for intracranial pressure monitoring, neurosurgical shunting and neuroendoscopy.

Integra NeuroCare's products are as follows:

Products	Use	Brand
Intracranial monitoring	For continuous pressure and temperature monitoring of the brain following injury	Camino and Ventrix
Neurosurgical shunts	Specifically designed for the treatment of the chronic condition, hydrocephalus, i.e. excess pressure in the bin, as well as hemodynamic shunting	Heyer-Schulte
Neuroendoscopy	For minimally invasive surgical access to the brain	Neuro Navagational
Neurosurgical instruments	Specialized surgical instruments for neurosurgeons	Redmond
Dural grafts	For repair of damage to the dura, the membrane that encases the brain and spinal column	DuraGen(TM) Launch anticipated in 1999

Integra NeuroCare was created through the merger of companies. Heyer-Schulte was the first neurosurgical shunt. Camino was the first continuous intracranial pressure monitoring system. NeuroNavigational was the first endoscopy system designed for neurosurgeons.

Integra NeuroCare remains a leader with two major new products anticipated to launch in 1999. In addition to DuraGen(TM), the Company anticipates the 1999 launch of a new line of Heyer-Schulte products for improved neurosurgical shunting, which allow appropriate drainage in both standing and supine positions (the Beverly shunt series).

Integra NeuroCare products are manufactured in three facilities -San Diego, California produces Camino, Ventrix, and Neuro Navigational products; Plainsboro, New Jersey produces DuraGen(TM) products; and the Anasco, Puerto Rico facility produces Heyer-Schulte products.

Integra LifeSciences Fact Sheet

Integra LifeSciences Corporation (Nasdaq: IART) develops, manufactures and markets medical devices, implants and biomaterials that target and control cell behavior within the patient's body. The Company sells its products in more than 50 countries around the world and is focused on four main business units: neurosurgical products, skin repair and burn products, medical products including orthopedic products, and new businesses and ventures.

Integra was founded in 1989 as a technology consolidator. Integra acquired INTEGRA(R) Artificial Skin from Marion Labs and successfully took it through the FDA approval process, becoming on March 1, 1996 the first tissue regeneration product approved for commercialization in the U.S. In 1995, Integra became a publicly held company, listed on the Nasdaq National Market, when it acquired Telios Pharmaceuticals in San Diego and its proprietary peptide technologies. In 1998, Integra consolidated Telios operations and other R & D programs into its Corporate Research Center in San Diego. In September 1998, Integra acquired Rystan Company Inc.

During 1998, Integra initiated and completed alliances with the following major corporations:

1. Johnson & Johnson Medical, Inc. (NYSE: JNJ) for licensing and distribution of BIOPATCH(TM) Antimicrobial Dressing;

2. Century Medical, Inc., a subsidiary of ITOCHU, for supply and distribution in Japan of INTEGRA(R) Artificial Skin, Helistat(R) and Helitene(R), and the Company's two neurosurgical products, DuraGen(TM) Dural Graft Matrix and peripheral nerve regeneration conduit;

3. Bionx Implants, Inc. (Nasdaq: BINX) for supply of absorbable tyrosine polymers for use in orthopedic fracture fixation devices;

4. Linvatec Corporation, a subsidiary of CONMED (Nasdaq: CNMD), for supply of absorbable tyrosine polymers for sports medicine orthopedic fixation deices;

5. Johnson & Johnson Professional, Inc./DePuy (NYSE: JNJ) to develop an absorbable collagen-based implant in combination with Integra's RGD peptide technology for cartilage repair;

6. Sulzer Calcitek, Inc., a division of SulzerMedica (NYSE: SM), as exclusive distributor for Integra's BioMend(R) collagen matrix for a second generation guided tissue regeneration product in periodontal surgeries;

7. Genetics Institute, Inc. (GI), a division of American Home Products (NYSE: AHP), for exclusive supply of absorbable collagen matrices for GI's recombinant human bone morphogenetic protein-2 (rhBMP-2) in developing bone regeneration implants; and

8. Sofamor Danek Group, now a division of Medtronic, is GI's exclusive licensee for spinal applications of rhBMP-2 in the U.S., using Integra's absorbable collagen delivery matrices.

In 1998, Integra acquired Rystan Company, Inc., a pharmaceutical manufacturer based in Little Falls, NJ. Integra subsequently sold Rystan's Panafil(R) product line of healing and debriding agents, including the brand name and related manufacturing equipment, to Healthpoint Ltd. of Fort Worth, Texas. Both companies will co-market Panafil(R) as well as Healthpoint's Accuzyme(R) debriding agent. The NeuroCare group of companies is Integra's second acquisition in the past six months.