

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): January 5, 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 January 5, 1999, Integra LifeSciences Corporation, a Delaware corporation ("Integra"), together with its wholly-owned subsidiary Rystan Company, Inc., a New Jersey corporation ("Rystan"), entered into a series of agreements with Healthpoint, Ltd., a Texas limited partnership ("Healthpoint"), and its affiliate DPT Laboratories, Ltd., a Texas limited partnership ("DPT"), relating to the sale of Rystan's Panafil(R) healing and debriding agent to Healthpoint and the marketing of Panafil(R) and Healthpoint's Accuzyme(R) debriding agent.

Pursuant to a Purchase Agreement dated January 5, 1999 among Integra, Rystan and Healthpoint, Healthpoint acquired the Panafil(R) product line, including the brand name and related equipment but excluding the existing Panafil(R) inventory, for \$6,400,000 in cash paid at closing on January 5, 1999. Integra also agreed to a ten-year non-competition provision regarding papain-urea debridement products and granted Healthpoint a seven-year right of first refusal regarding any new debridement agent product developed by Integra or any of its affiliates.

Pursuant to a Manufacturing and Distribution Agreement dated January 5, 1999 among Integra, Rystan, Healthpoint and DPT, (i) Rystan will continue to manufacture Panafil(R) during a transition period, after which the Panafil(R) manufacturing equipment will be delivered to DPT, (ii) Healthpoint shall reimburse Rystan, at Rystan's standard costs, for Panafil(R) manufactured by Rystan at Healthpoint's request and (iii) Integra shall receive from Healthpoint the first \$3,000,000, less certain sales and distribution costs, from the sale of Panafil(R) (including the Panafil(R) inventory owned by Rystan) specifically to the podiatry market and to certain identified hospitals with burn centers. Integra and Healthpoint also entered into two co-marketing agreements under which Integra will receive sales commissions for marketing Panafil(R) in the podiatry market and in certain identified hospitals with burn centers and for marketing Accuzyme(R) in the podiatry market. Healthpoint shall be responsible for product distribution and coordination of Panafil(R) and Accuzyme(R) in such markets, as well as for sales of both products in all other markets.

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

(b) Pro Forma Financial Information

The following unaudited pro forma condensed consolidated balance sheet as of September 30, 1998 has been prepared by adjusting Integra's unaudited consolidated balance sheet as of September 30, 1998 to give effect to the disposition by Rystan, Integra's wholly-owned subsidiary, of the Panafil(R) product line. The September 30, 1998 statement of operations is not presented because Integra's financial statements did not include the Panafil(R) product line prior to Integra's acquisition of Rystan on September 28, 1998. Integra did not anticipate or plan on disposing of the Panafil(R) product line when it acquired Rystan. The adjustments assume the disposition transaction occurred on September 30, 1998 and includes the use of certain estimates regarding the valuation of the Panafil(R) product line, the non-competition provision in the Purchase Agreement and other intangible assets.

(In thousands)

	September 30, 1998	Pro Forma Adjustments	Pro Forma
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,560	\$ 6,400 (a)	\$ 8,960
Short-term investments	20,692	--	20,692
Accounts receivable, net	2,949	--	2,949
Inventories	3,390	--	3,390
Prepaid expenses and other current assets	935	--	935
	-----	-----	-----
Total current assets	30,526	6,400	36,926
Property and equipment, net	6,506	(250) (b)	6,256
Other assets and goodwill	1,502	(1,037) (c)	465
	-----	-----	-----
Total assets	\$ 38,534	\$ 5,113	\$ 43,647
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable, trade	477	--	477
Accrued expenses and other current liabilities	3,689	322 (d)	4,011
	-----	-----	-----
Total current liabilities	4,166	322	4,488
Other liabilities	303	715 (e)	1,018
	-----	-----	-----
Total liabilities	4,469	1,037	5,506
	-----	-----	-----
Stockholders' Equity:			
Preferred stock, \$.01 par value (15,000 authorized shares; 500 Series A Convertible shares issued and outstanding, \$4,000 liquidation preference)	5	--	5
Common stock, \$.01 par value (60,000 authorized shares; 15,753 issued and outstanding)	158	--	158
Additional paid-in capital	119,904	--	119,904
Unearned compensation related to stock options	(198)	--	(198)
Notes receivable - related parties	(35)	--	(35)
Accumulated other comprehensive income	(104)	--	(104)
Treasury stock at cost(46 shares)	(259)	--	(259)
Accumulated deficit	(85,406)	4,076 (f)	(81,330)
	-----	-----	-----
Total stockholders' equity	34,065	4,076	38,141
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 38,534	\$ 5,113	\$ 43,647
	=====	=====	=====

The accompanying notes are an integral part of the unaudited pro forma condensed consolidated balance sheet

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

- (a) Reflects the receipt of \$6.4 million, which was the purchase price received at closing.
- (b) Reflects the adjustment for the disposition of manufacturing assets used in the production of Panafil(R) and the write down of other fixed assets as a result of the disposition.
- (c) Reflects the reduction in goodwill associated with the acquisition of the Panafil(R) product line when Integra acquired Rystan in September 1998.
- (d) Reflects various estimated facility transfer costs and other liabilities associated with the transaction including \$74,000 as the current year portion of the estimated liability associated with the non-competition provision.
- (e) Reflects the long-term portion of the estimated liability associated with the non-competition provision.
- (f) Reflects the estimated net gain recognized on the transaction subject to the final valuation of the non-competition provision. The gain does not reflect any income tax provision as Integra believes it will be able to utilize certain deferred tax assets, which are currently subject to a valuation allowance and current year operating losses.

- (c) Exhibits.

Exhibit Number
(Referenced to
Item 601 of
Regulation S-K)

Description of Exhibit

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2	Purchase Agreement dated January 5, 1999 among Integra LifeSciences Corporation, Rystan Company, Inc. and Healthpoint, Ltd.*
10	Manufacturing and Distribution Agreement dated January 5, 1999 among Integra LifeSciences Corporation, Rystan Company, Inc., Healthpoint, Ltd. and DPT Laboratories, Ltd.*
99	Press Release dated January 5, 1999

* -----
Integra agrees to furnish supplementally a copy of any omitted schedules or attachments to the Commission upon request.

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: January 19, 1999

By: /s/ Stuart M. Essig

Stuart M. Essig, President and
Chief Executive Officer

INDEX OF EXHIBITS

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* -----
Integra agrees to furnish supplementally a copy of any omitted schedules or attachments to the Commission upon request.

PURCHASE AGREEMENT

This Purchase Agreement (hereinafter referred to as "Purchase Agreement"), executed effective as of the 5th day of January, 1999, is by and among Rystan Company, Inc., a New Jersey corporation, having a place of business at 47 Center Street, Little Falls, New Jersey 07424 (hereinafter referred to as "Rystan"), Integra LifeSciences Corporation, a Delaware corporation and sole shareholder of Rystan, having a place of business at 105 Morgan Lane, Plainsboro, New Jersey 08536 (hereinafter referred to as "Integra" and, together with Rystan, "Seller"), and Healthpoint, Ltd., a Texas limited partnership having a place of business at 2600 Airport Freeway, Fort Worth, Texas 76111 (hereinafter referred to as "Purchaser").

WITNESSETH:

WHEREAS, Seller desires to sell and Purchaser desires to purchase Seller's right, title and interest in and to the Assets, as defined below, pursuant to this Purchase Agreement; and

WHEREAS, the parties hereto desire to set forth certain representations, warranties and covenants made by each to the other as an inducement to the consummation of the sale and certain additional requirements related to the sale;

NOW, THEREFORE, in consideration of the mutual representations, warranties and covenants herein contained, and on the terms and subject to the conditions herein set forth, the parties hereby agree as follows:

1. Definitions

For purposes of this Purchase Agreement, the following terms shall have the meanings as set forth below:

1.1 "Products" shall mean Seller's Panafil(R) Ointment (also sometimes referred to as Panafil(R) Green Ointment) and Seller's Panafil(R) White Ointment, together with all variations of related papain-urea enzymatic debriding /healing products.

1.2 "Affiliate" shall mean any entity directly or indirectly controlling, controlled by or under common control with Seller or Purchaser.

1.3 "Closing Date" shall mean January 5, 1999.

1.4 "Trademark" shall mean the trademark listed on Schedule A attached hereto.

1.5 "Assets" shall mean the Products, the Trademark and all of the other assets of Seller transferred to the Purchaser pursuant to Article 2 hereof.

2. Purchase and Sale

2.1 Subject to the terms and conditions set forth herein, Seller agrees to sell, convey, grant, assign, transfer and deliver to Purchaser, or cause to be sold, conveyed, granted, transferred and delivered to Purchaser, and Purchaser agrees to purchase, accept and receive from Seller, on the Closing Date all rights, title and interest in and to the Assets.

2.2 The parties agree that purchase and sale of the Assets shall include, and Seller hereby grants and transfers to Purchaser, the Trademark and all existing traddress, goodwill and

copyrights associated with the Products, as well as any related patents and other intellectual property rights necessary to manufacture or distribute the Products.

2.3 The parties agree that the purchase and sale of the Assets shall also include all formulations, sales and marketing records and literature, customer information and tracking reports, production records, stability records and data, know how and processes associated with manufacture and filling of the Products, complaint files, all regulatory files and records, all existing parts and equipment used to manufacture the Products, all raw material not used to manufacture "Additional Inventory" (as defined in the Manufacturing and Distribution Agreement dated the date hereof (the "Distribution Agreement") between the parties hereto and Purchaser's affiliate, DPT Laboratories, Ltd. ("DPT")) as well as all other information in Seller's possession or under Seller's control and pertaining to the Products.

3. Purchase Price

3.1 The Purchaser shall pay to Seller a total price of Six Million Four Hundred Thousand Dollars (\$6,400,000) (the "Purchase Price"), payable by wire transfer on the Closing Date, in consideration of the Assets and rights under this Purchase Agreement.

3.2 The parties agree that the Purchase Price shall be allocated by the Purchaser and the Seller among the Assets and rights under this Purchase Agreement by mutual agreement of the parties within 30 days after the Closing Date. Seller and Purchaser each covenant and agree that it shall not take a position in any tax proceeding or audit or otherwise that is inconsistent with such allocation; provided, however, that nothing contained herein shall require Seller or Purchaser to contest beyond, or otherwise than by, the exhaustion of its administrative remedies before any taxing authority, and Seller and Purchaser shall not be required to litigate before any court, including, without limitation, the United States Tax Court, any proposed deficiency or adjustment by any taxing authority that challenges such allocation. Seller and Purchaser each shall give prompt notice to the other of the commencement of any tax audit or the assertion of any proposed deficiency or adjustment by any taxing authority that challenges such allocation. Seller and Purchaser each shall timely file Internal Revenue Service Form 8594 (or any applicable successor thereto) in respect of the purchase and sale of the Assets and shall state on such Form the agreed allocation of the Purchase Price among the Assets and rights under this Purchase Agreement.

4. Liabilities

The Purchaser does not assume nor shall this Purchase Agreement be construed to impose any liability or obligation with respect to any of the Seller's debts, obligations or liabilities, whether definite or contingent, known or unknown, other than specifically created by the terms of this Purchase Agreement. Seller shall remain financially responsible for any rebates or other similar payments related to sale of the Products prior to the Closing Date. Seller shall also be responsible for returns of the Products pertaining to sales made prior to the Closing Date.

5. Representations and Warranties of Each Seller

Each Seller represents and warrants the following as of the Closing Date:

5.1 The Seller has the full power and authority, corporate and otherwise, to enter into this Purchase Agreement and to assume and perform its obligations hereunder. The execution and delivery of this Purchase Agreement and the performance by the Seller of its obligations hereunder have been duly authorized by the board of directors of each Seller and by Integra, as the sole shareholder of

Rystan, and no further action or approval, corporate or otherwise, is required in order to constitute this Purchase Agreement as a binding and enforceable obligation of the Seller.

5.2 The execution and delivery of this Purchase Agreement and the performance by the Seller of its obligations hereunder do not and will not violate any provision of the Certificate of Incorporation or By-laws of the Seller and do not and will not conflict with or result in any breach of any condition or provision of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Assets by reason of the terms of, any contract, mortgage, lien, lease, agreement, indenture, instrument, judgment or decree to which the Seller is a party or which is or purports to be binding upon the Seller, or which affects or purports to affect any of the Assets.

5.3 No action, approval, consent or authorization, including but not limited to, any action, approval, consent or authorization by any governmental or quasi-governmental agency, commission, board, bureau or instrumentality is necessary as to the Seller in order to constitute this Purchase Agreement as a binding and enforceable obligation of the Seller in accordance with its terms and to consummate the transactions contemplated hereby, and this Purchase Agreement is the legal, valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms.

5.4 No action, suit, claim, notice of violation, investigation or proceedings, whether legal or administrative or in mediation or arbitration, is pending or, to Seller's knowledge, threatened, at law or in equity or admiralty, before or by any court or federal, state, municipal or other governmental department, regulatory body, commission, board, bureau, agency or instrumentality, against, pertaining to or affecting the Assets or in which an unfavorable judgment, decree or order would restrain, prohibit, invalidate, set aside, rescind, prevent, or make unlawful this Purchase Agreement or the carrying out of this Purchase Agreement.

5.5 Rystan is not in default in respect of any judgment, order, writ, injunction or decree of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality pertaining to or affecting the Assets or that would restrain, prohibit, invalidate, set aside, rescind, prevent or make unlawful this Purchase Agreement or the carrying out of this Purchase Agreement.

5.6 Rystan has and the Purchaser shall receive good title to each of the Assets, and the Assets are free and clear of all liens, encumbrances and restrictions.

5.7 The Products, as well as all current labeling and written promotional material pertaining to the Products, are in compliance with all applicable laws and regulations and there are no restrictions to distribution of the Products in the markets where such Products are currently distributed.

5.8 Attached as Schedule D hereto is a list of all adverse experience reports, 483 inspection observations, recall notices, warning letters, establishment investigation reports and other state or federal regulatory correspondence (collectively, "Regulatory Reports") pertaining to the Products received by Rystan during the previous three years. Also attached as Schedule D hereto is a list of all complaints, claims and demands (collectively, "Other Reports") pertaining to the Products received by Rystan during the previous three years, except such Other Reports as have not had, individually or in the aggregate, a material adverse effect on the existing regulatory status of the Products, the value of the Products, the legal, regulatory or economic risks associated with the Products or the ability of Rystan to market the Products. True and correct copies of the Regulatory Reports and Other Reports listed on Schedule D have been provided to the Purchaser.

5.9 Attached as Schedule E hereto is a list of all agreements pertaining to the Products and their components, including, but not limited to, all quotations, contractual commitments or offers of Rystan pertaining to group purchasing contracts or programs, as well as any applicable state, federal or private reimbursement agreements or programs pertaining to the Products, true and correct copies of

which have been provided to the Purchaser. Schedule E also contains all material terms of any verbal agreements concerning the Products or any of their components.

5.10 There are no federal, state or local tax liens upon any of the Assets. There are no potential tax deficiencies on the part of the Seller relating to any tax year which may arise from issues which have been raised or which have not yet been raised but which would reasonably be expected by the Seller to be raised by the Internal Revenue Service or any other taxing authority that might reasonably be expected to have an adverse affect on Purchaser pursuant to an assertion of transferee liability or otherwise.

5.11 There are no pending or, to the best of Seller's knowledge, threatened patent or trademark infringement claims with regard to any of the Assets.

5.12 To the best of Seller's knowledge, use of the Assets or sales of the Products will not infringe any patent or other proprietary rights.

5.13 No representation or warranty by the Seller in this Purchase Agreement or under any documents, instruments, certificates or schedules furnished pursuant hereto or in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements or facts herein or therein misleading.

5.14 Attached as Schedule F are Seller's standard costs for manufacture and packaging of the Products as well as the net sales revenue for the Products for the past three years.

5.15 Attached as Schedule G is Seller's current returned goods policy.

5.16 Attached as Schedule H is a list of all investigations by or on behalf of Rystan pertaining to the Products manufactured by Rystan during the past four years. Except as set forth on Schedule H, there have been no out-of-specification test results, whether for product release or stability, for any of the Products manufactured during the past four years. True and complete copies of all such investigations, pertaining to the Products manufactured during the past four years have been provided to Purchaser.

5.17 All corrective action and commitments referenced in the January 8, 1997 Investigation Report pertaining to the Products as well as the FDA Form 483 issued to Rystan on March 26, 1997 have been implemented and Rystan is in compliance therewith.

5.18 Rystan is the owner of sufficient right, title and interest in and to the Trademark to grant the assignment granted by this Agreement, and the Trademark has not lapsed or been canceled for failure to pay fees or file affidavits necessary to maintain the Trademark valid and in force.

5.19 All assay, compounding processes, bulk hold, packaging and cleaning processes with regard to the Products have been validated in accordance with applicable legal and regulatory requirements.

6. Representations and Warranties of Purchaser

The Purchaser represents and warrants the following:

6.1 The Purchaser has the full power and authority to enter into this Purchase Agreement and to assume and perform its obligations hereunder. The execution and delivery of this Purchase Agreement and the performance by the Purchaser of its obligations hereunder have been duly authorized by the board of directors of its general partner and no further action or approval, corporate or otherwise, is required in order to constitute this Purchase Agreement as a binding and enforceable obligation of the Purchaser.

6.2 No action, approval, consent or authorization, including but not limited to, any action, approval, consent or authorization by any governmental or quasi-governmental agency, commission, board, bureau or instrumentality is necessary as to the Purchaser or the general partner of the Purchaser in order to constitute this Purchase Agreement as a binding and enforceable obligation of the Purchaser in accordance with its terms and to consummate the transactions contemplated hereby, and this Purchase Agreement is the legal, valid and binding agreement of the Purchaser, enforceable against the Purchaser in accordance with its terms.

6.3 The execution and delivery of this Purchase Agreement and the performance by the Purchaser of its obligations hereunder do not and will not violate any provision of the Agreement of Limited Partnership of the Purchaser.

6.4 No action, suit, claim, notice of violation, investigation or proceedings, whether legal or administrative or in mediation or arbitration, is pending or, to Purchaser's knowledge, threatened, at law or in equity or admiralty, before or by any court or federal, state, municipal or other governmental department, regulatory body, commission, board, bureau, agency or instrumentality, in which an unfavorable judgment, decree or order would restrain, prohibit, invalidate, set aside, rescind, prevent, or make unlawful this Purchase Agreement or the carrying out of this Purchase Agreement.

7. Adverse Experiences

The Seller shall forward to the Purchaser in a timely manner any information that Seller has knowledge of concerning any adverse experience or product complaints related to the Products. In the event Purchaser receives product complaints or reports of adverse experiences which pertain to the distribution of the Products prior to the Closing Date, or sale of the Products by Seller after the Closing Date, Purchaser shall forward copies thereof to Seller in a timely manner. Unless otherwise requested by Seller, Purchaser shall respond to all complaints or reports of adverse experiences received after the Effective Date, consistent with its customary practices.

8. Co-Promotion Agreement

Upon Purchaser's receipt of \$3,000,000 of Adjusted Gross Sales (as defined in the Distribution Agreement), the Panafil Promotional Services Agreement dated the date hereof between Purchaser and Integra (the "Panafil Agreement") shall become effective and all future revenue pertaining to the sale of the Products shall belong to Purchaser subject to any applicable payments to Seller pursuant to the Panafil Agreement.

9. Non-Compete/Right of First Refusal

9.1 For a period of ten (10) years after the Closing Date, neither Integra nor any of its Affiliates shall develop, license or market, or assist in the development, marketing or licensing of, directly or indirectly, any papain-urea debridement products or any extension, improvement or other product utilizing papain-urea as one of its active components.

9.2 For a period of seven (7) years after the Closing Date, Integra shall grant to Purchaser a right of first refusal regarding any new debridement agent product developed by Integra or any of its Affiliates. The rights of Purchaser would not apply to marketing of the new debridement agent product by Integra or any of its Affiliates in the Podiatry and Burn Markets (as defined in the Panafil Agreement). Pursuant to this right of first refusal, Purchaser shall have the first right to negotiate a license or acquisition of such product for a period of three (3) months after such product is filed for approval with the relevant regulatory body for sale in the United States. After the expiration of such three-month period, if Purchaser and Integra shall not have agreed to a license or acquisition, neither

Integra nor any of its Affiliates shall sell or license such product to any third party for economic terms less favorable to Integra or any of its Affiliates than those embodied in the Purchaser's offer. In addition, in the event Purchaser and Integra have not agreed to a license or acquisition, and Integra or any of its Affiliates elects to market, sell or license such new debridement product in markets other than the Podiatry and Burn Markets, whether directly or through another party, the applicable Promotional Services Agreements shall immediately be subject to termination at Purchaser's election.

10. Ordinary Course of Business/Assistance with Transfer

10.1 Rystan warrants to Purchaser that Rystan has operated its businesses as they pertain to manufacture and sale of the Products in their ordinary and usual course for the twelve month period preceding the Closing Date.

10.2 Seller shall forward to Purchaser all purchase orders, sales orders, inquiries or other documentation concerning sale of the Products by Seller or its agents and representatives after the Closing Date.

10.3 Seller agrees to assist Purchaser as reasonably requested in connection with transfer of the manufacturing and packaging of the Products to DPT, including, but not limited to, access to Seller's production and packaging operations while the Products are being produced by Seller, assistance with installation of the equipment being transferred to Purchaser, inter-laboratory assistance with Seller's methods for the Products and their components, assistance with the sourcing of Seller's components used to manufacture and fill the Products, and assistance with investigations and complaints pertaining to the Products. Seller agrees to bear up to an aggregate of \$7,500 of the costs and expenses incurred by it in connection with such assistance, and the Purchaser shall promptly reimburse Seller for any costs and expenses incurred by Seller in excess of \$7,500 in the aggregate.

10.4 Seller shall be responsible for the recall of any lot of the Products manufactured by Rystan, whether before or after the Closing Date, which fails to meet its specifications during its applicable shelf life and shall reimburse Purchaser for any losses or expenses incurred as a result of such recall. Seller shall continue stability testing in compliance with applicable procedures and FDA commitments on all lots of Products manufactured by Rystan, whether before or after the Closing Date, and promptly notify Purchaser of any out-of-specification test results obtained within 48 hours after Seller's receipt of such results and verification thereof. Within 30 days after the Closing Date, Seller shall provide Purchaser with true and complete copies of all batch records in Seller's possession pertaining to lots of the Products previously manufactured by Rystan and still within their applicable shelf life. Seller shall provide Purchaser with true and complete copies of all batch records, investigations and testing data associated with all lots of the Products manufactured by Rystan after the Closing Date.

10.5 Purchaser and Seller shall use their respective best efforts following the Closing Date to have the other listed as an additional insured on its product liability insurance policy until 12 months after Purchaser has received on behalf of Seller \$3,000,000 of Adjusted Gross Sales (as defined in the Distribution Agreement).

11. Indemnifications

11.1 Subject to the provisions of Sections 11.5, 11.6 and 11.7 hereof, Seller shall indemnify and hold Purchaser and its Affiliates, partners, directors, officers and employees harmless from and against any and all loss, liability, damage, expense and cost, including without limitation reasonable attorney's fees and other costs of defense (collectively, "Losses"), arising out of (i) ownership or sale of the Products manufactured by Rystan, whether prior to or after the Closing Date, (ii) the failure of the Products manufactured by Rystan, whether prior to or after the Closing Date, to comply with their applicable shelf life specifications, (iii) any unlawful promotional practices by Seller's employees with regard to sale of the Products or (iv) any failure by Integra or Rystan to comply with their respective obligations, representations or warranties under this Purchase Agreement or under the Distribution Agreement; provided, however, that Seller shall have no such obligations or liabilities to Purchaser if such obligations and liabilities arise out of or are related to (a) Purchaser's failure to comply with its obligations, representations, or warranties herein or (b) any unlawful promotional practices of Purchaser's or DPT's employees with regard to sale of the Products.

11.2 Subject to the provisions of Sections 11.5, 11.6 and 11.7 hereof, Purchaser shall indemnify and hold Seller and its Affiliates, directors, officers and employees harmless from and against any and all Losses arising out of (i) ownership or sale of the Products manufactured by DPT, (ii) any unlawful promotional practices of Purchaser's or DPT's employees with regard to the sale of the Products or (iii) any failure by Purchaser or DPT to comply with their respective obligations, representations or warranties under this Purchase Agreement or under the Distribution Agreement; provided, however, that Purchaser shall have no such obligations or liabilities to Seller if such obligations and liabilities arise out of or are related to (a) Seller's failure to comply with its obligations, representations, or warranties herein or (b) any unlawful promotional practices of Seller's employees with regard to the sale of the Products.

11.3 Each party indemnified hereunder (an "Indemnified Party") will give the other party hereto (an "Indemnifying Party") written notice of any action or proceeding relating to any claim or loss for which indemnity is sought hereunder within ten (10) business days after any such Indemnified Party shall have had actual notice thereof and the Indemnifying Party, at its option, shall be entitled to participate in or direct the defense or settlement of such action; provided the Indemnifying Party employs counsel reasonably acceptable to the Indemnified Party. The Indemnified Party shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be borne by it. The Indemnifying Party shall not be liable to the Indemnified Party in respect of settlements effected by the Indemnified Party without the written consent of the Indemnifying Party. In the event that any Indemnifying Party shall undertake to compromise or defend any action or proceeding, it shall promptly notify the Indemnified Party of its intention to do so and the Indemnified Party agrees to cooperate fully with the Indemnifying Party and its counsel in any such compromise or defense.

11.4 Each party hereto agrees to maintain commercial general liability and products insurance coverage with limits of at least \$5,000,000 aggregate, \$2,000,000 each occurrence and to designate the other party as an additional insured under such coverages.

11.5 The performance by either party of any covenant or obligation on its part to be performed under this Purchase Agreement shall be excused by floods, strikes or other labor disturbances, riots, fire, accidents, war, embargoes, delays of carriers, inability to obtain materials, failure of power or of natural sources of supply, acts, injunctions, or restraints of government (whether or not now threatened), or any cause preventing such performance whether similar or dissimilar to the foregoing beyond the reasonable control of the party bound by such covenant or obligation; provided, however, that

the party affected shall take all reasonable actions within its power to comply as fully as possible with the terms of this Purchase Agreement; provided further, however, that the party affected shall not be required to settle any labor dispute on terms contrary to its wishes nor to test the validity of any law, regulation, or order by way of legal proceedings.

11.6 In no event shall an Indemnifying Party be liable to an Indemnified Party pursuant to this Article 11 unless and until all Losses of the Indemnified Party hereunder exceed, in the aggregate, \$10,000, in which case the Indemnified Party shall be entitled to recover the portion of such aggregate Losses in excess of \$10,000 up to an amount which does not exceed \$1,500,000 in the aggregate.

11.7 The indemnification obligations of the parties hereunder shall continue until 12 months after Purchaser has received on behalf of Seller \$3,000,000 of Adjusted Gross Sales (as defined in the Distribution Agreement), except that (i) the obligations of Seller under Section 11.1 regarding any unlawful promotional practices by Seller's employees with regard to the sale of the Products shall continue in effect until 12 months after the termination of the Panafil Agreement and (ii) the obligations of Purchaser under Section 11.2 regarding any unlawful promotional practices by Purchaser's or DPT's employees with regard to the sale of the Products shall continue in effect for 12 months after the termination of the Panafil Agreement.

12. Assignment

This Purchase Agreement shall be binding upon and inure to the benefit of the successors or permitted assigns of each of the parties and may not be assigned or transferred by Seller to any party other than an Affiliate without the prior written consent of the Purchaser.

13. Governing Law

This Purchase Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware.

14. Dispute Resolution

The parties agree to attempt to settle any disputes that arise in connection with this Purchase Agreement through good faith mediation efforts. The parties agree that any dispute that arises in connection with this Purchase Agreement which is not settled through good faith mediation efforts shall be settled by arbitration which shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Such arbitration shall be held in (i) Mercer County, New Jersey, if the demand for arbitration is initiated by Purchaser or (ii) Tarrant County, Texas, if the demand for arbitration is initiated by Seller. There shall be one arbitrator mutually approved by both parties. If the parties are unable to agree upon the single arbitrator, there shall be three (3) arbitrators, one (1) to be chosen by Seller, one (1) to be chosen by Purchaser and a third to be selected by the two arbitrators so chosen. The decision of the arbitrators shall be final and binding upon all parties and their respective successors and assigns. The costs of arbitration, including reasonable attorney's fees, shall be borne by the losing party.

15. Severability

In the event that any provision of this Purchase Agreement shall for any reason be finally adjudged as invalid, illegal, or unenforceable in any respect by any court, arbitration panel, commission, or agency having jurisdiction over either party or an Affiliate of either party, the validity of the Purchase

Agreement as a whole shall not be affected. The parties, rather, undertake to replace ineffective clauses with legally effective ones which come as close as possible to the sense of the ineffective clauses and the purpose of this Purchase Agreement, and the terms shall be reformed to this extent.

16. Notice

Any notice required or permitted by this Purchase Agreement shall be sent via telefax with an original delivered personally or mailed by first class, registered, or certified mail, postage prepaid by the other party as follows:

Notices to Purchaser shall be sent to:

Healthpoint, Ltd.
2600 Airport Freeway
Fort Worth, Texas 76111
telefax (817) 900-4101
Attention: H. Paul Dorman

Notices to Seller shall be sent to:

Integra LifeSciences Corporation
105 Morgan Lane
Plainsboro, New Jersey 08536-3297
telefax (609) 799-3297
Attention: Stuart M. Essig

and to

Rystan Company, Inc.
47 Center Street
Little Falls, New Jersey 07424
telefax (973) 256-4083
Attention: Herbert Wagner

17. Waiver

No waiver by either party of any default shall be effective unless in writing, nor shall any such waiver operate as a waiver of any other default or of the same default on a future occasion

18. Entire Agreement

This Purchase Agreement contains the entire agreement between the parties hereto and supersedes any prior agreements, whether written or oral, between such parties related to this Purchase Agreement. No modification, alteration, amendment or supplement to this Purchase Agreement shall be valid or effective unless the same is in writing and signed by the party against whom it is to be enforced.

19. Counterparts

This Purchase Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original.

20. Headings

The headings used in this Purchase Agreement are for convenience only and are not a part of this Purchase Agreement.

21. Expenses

Except as otherwise expressly provided in this Agreement, each party shall bear its respective out-of-pocket expenses incurred in attending meetings and in performing its other obligations under this Agreement.

22. Conditions Precedent to Obligations of Purchaser

All obligations of Purchaser hereunder are, at the option of the Purchaser, subject to the conditions precedent that, at the Closing:

- 22.1 Purchase shall have completed its due diligence investigation and shall have determined that the results of such investigation are satisfactory to Purchaser, in its sole discretion.
- 22.2 All of the terms, covenants, agreements and conditions of this Purchase Agreement to be complied with and performed by Seller on or before the Closing Date shall have been complied with and performed in all material respects.
- 22.3 No action, suit, proceeding or investigation by or before any court, administrative agency or other governmental authority shall have been instituted or threatened to restrain, prohibit or invalidate the transactions contemplated by this Purchase Agreement or which may affect the right of Purchase to own, after the Closing Date, the Assets.

23. Conditions Precedent to Obligations of Seller

All obligations of Seller hereunder are, at the option of the Seller, subject to the conditions precedent that, at the Closing:

- 23.1 All of the terms, covenants, agreements and conditions of this Purchase Agreement to be complied with and performed by Purchaser on or before the Closing Date shall have been complied with and performed in all material respects.
- 23.2 No action, suit, proceeding or investigation by or before any court, administrative agency or other governmental authority shall have been instituted or threatened to restrain, prohibit or invalidate the transactions contemplated by this Purchase Agreement or which may affect the right of Purchase to own, after the Closing Date, the Assets.

IN WITNESS WHEREOF, the parties hereto have each caused this Purchase Agreement to be executed by their duly authorized officers as of the date first above written.

HEALTHPOINT, LTD.

By: DFB Holding, Inc., its general partner

By: /s/ H. Paul Dorman

Title: President

INTEGRA LIFESCIENCES CORPORATION

By:/s/ Stuart M. Essig

Title: President

RYSTAN COMPANY, INC.

By:/s/ David B. Holtz

Title: Vice President

SCHEDULES TO PURCHASE AGREEMENT

Schedule A - Trademarks

Schedule D - Regulatory Reports

Schedule E - Product Agreements

Schedule F - Manufacturing and Packaging Costs

Schedule G - Returned Goods Policy

Schedule H - Product Investigations

MANUFACTURING AND DISTRIBUTION AGREEMENT

This Manufacturing and Distribution Agreement (hereinafter referred to as this "Agreement") is executed this 5th day of January, 1999 by and among Rystan Company, Inc., a New Jersey corporation having a place of business at 47 Center Street, Little Falls, New Jersey 07424 (hereinafter referred to as "Rystan"), Integra LifeSciences Corporation, a Delaware corporation having a place of business at 105 Morgan Lane, Plainsboro, New Jersey 08536, and its subsidiaries including Rystan (collectively hereinafter referred to as "Integra), Healthpoint, Ltd., a Texas limited partnership having a place of business at 2600 Airport Freeway, Fort Worth, Texas 76111 (hereinafter referred to as "Healthpoint"), and DPT Laboratories, Ltd., a Texas limited partnership having a place of business at 307 E. Josephine Street, San Antonio, Texas 78215 (hereinafter referred to as "DPT").

RECITALS:

- A. Integra, Rystan and Healthpoint have entered into that certain Purchase Agreement of even date herewith (the "Purchase Agreement") pertaining to, among other things, the acquisition by Healthpoint of certain assets of Seller, including Panafil(R) Ointment (sometimes referred to as Panafil Green Ointment) and Panafil(R) White Ointment, together with all variations of related papain-urea enzymatic debriding/healing products (collectively, the "Products," regardless of whether such Products are manufactured by Rystan or Healthpoint).
- B. All of Rystan's Existing Inventory (as defined in Section 1.1 below) was excluded from the assets sold to Healthpoint under the Purchase Agreement.
- C. Healthpoint and DPT have agreed to provide certain distribution services with regard to Rystan's Existing Inventory and Rystan's Additional Inventory (as defined in Section 1.1 below), all as more specifically set forth below.

AGREEMENT:

NOW, THEREFORE, Integra, Healthpoint and DPT hereby agree as follows:

1. MANUFACTURING AND DISTRIBUTION

1.1 Healthpoint and DPT have agreed to distribute Rystan's Existing Inventory and Rystan's Additional Inventory on Integra's behalf until such time as Healthpoint and/or DPT has received on behalf of Integra \$3,000,000 of "Adjusted Gross Sales" (as defined in Section 1.4 below). All of Rystan's finished Product inventory existing on the date hereof ("Rystan's Existing Inventory") will be delivered to DPT for distribution pursuant to this Agreement. Rystan shall manufacture at its expense and deliver for distribution to DPT additional Products inventory ("Rystan's Additional Inventory") in an amount sufficient so that Rystan's Existing Inventory and Rystan's Additional Inventory will support Net Sales (as defined in Section 1.5 below) attributable to \$3,000,000 of invoiced gross sales of the Products.

1.2 For a commercially reasonable period of time (recognizing the intent of the parties to transfer production of the Products to DPT by June 1999), Rystan shall also manufacture and deliver to

DPT such additional Products inventory ("Healthpoint Inventory") as reasonably required for marketing by Healthpoint pending transfer of production of the Products to DPT, and Healthpoint shall reimburse Integra, at Rystan's standard costs, for the Healthpoint Inventory manufactured at Healthpoint's request for Healthpoint's sales efforts.

1.3 Rystan's Existing Inventory, Rystan's Additional Inventory and Healthpoint Inventory will be distributed by DPT. Integra's marketing efforts with regard to Rystan's Existing Inventory and Rystan's Additional Inventory shall be limited to the Podiatry Market and Burn Market (as defined in Section 1.4 below). Healthpoint shall have co-marketing rights in the designated markets as well as exclusive world-wide marketing rights to all other markets, including, but not limited to, all other burn and acute care institutions (hospitals), and to all long-term (nursing home) and other physician and wound care markets.

1.4 For purposes of this Agreement: (i) "Adjusted Gross Sales" shall mean the aggregate of (a) the gross amount invoiced on sales or other dispositions of the Products to independent third parties in the Podiatry Market; and (b) 50% of the gross amount invoiced on sales or other dispositions of Panafil(R) Green Ointment to independent third parties in the Burn Market; (ii) the "Podiatry Market" shall be defined by Healthpoint providing IMS or Script tracking data representing Product sales via prescriptions written by podiatrists in the U.S. market and captured through prescription tracking documentation; and (iii) the "Burn Market" shall be defined by Healthpoint providing drug wholesalers tracking documentation of the 50 hospitals (including burn centers within such hospitals) and burn centers identified on Schedule A attached hereto; Schedule A may be revised from time to time by mutual agreement of the parties.

1.5 "Net Sales" shall mean the gross amount invoiced on sales or other dispositions of the Products to independent third parties, less the following items: (a) trade, cash, quantity or promotional discounts actually allowed and taken; (b) excise, sales, use, value added or other taxes imposed upon and paid with respect to such sales or disposition of samples (excluding taxes based on income); (c) freight, insurance and other transportation charges incurred in shipping the Products to third parties and included in the amount invoiced to such third parties; (d) amounts repaid or credited by reason of rejections, defects, recalls, rebates, chargebacks, returns, bad debts or retroactive price reductions; (e) rebates, reimbursements, discounts, or administrative fees pursuant to agreements or applicable law; and (f) DPT's shipping and handling fee of four percent (4%) of the invoice.

2. PAYMENTS TO INTEGRA

2.1 Healthpoint agrees to collect and forward to Integra the Net Sales derived from the sale of the Products to the Podiatry Market, and 50% of the Net Sales of Panafil(R) Green Ointment sold to the Burn Market, until (i) \$3,000,000 of Adjusted Gross Sales is received by Healthpoint and/or DPT and (ii) the Net Sales in respect of such Adjusted Gross Sales are received by Integra from Healthpoint. For example, if the only Net Sales are sales of Panafil(R) Green Ointment to the Burn Market and there are no sales of the Products to the Podiatry Market, then it would require \$6,000,000 of invoiced gross sales of Panafil(R) Green Ointment to independent third parties in the Burn Market in order to attain \$3,000,000 of Adjusted Gross Sales. All other sales of the Products shall belong to Healthpoint.

2.2 Payment by Healthpoint of amounts due to Seller under this Section 2 shall be made on a monthly basis within twenty (20) days of receipt by Healthpoint of the applicable tracking

documentation, provided that such payments in the aggregate shall not exceed cumulative Net Sales in respect of Adjusted Gross Sales invoiced and received by Healthpoint. Healthpoint shall provide copies of such tracking documentation to Integra upon receipt.

3. REPRESENTATIONS

Each party warrants and represents to the other as follows:

(i) This Agreement is a valid and binding obligation of it, enforceable against it in accordance with its terms.

(ii) There is no action, suit, proceeding, or investigation pending or, to its knowledge, threatened before any court or administrative agency against it which could, directly or indirectly, affect its ability to perform its obligations under this Agreement.

(iii) The execution of this Agreement by it, and the performance of its obligations under this Agreement, will not breach any term or provision of, or constitute a default under, any agreement or instrument to which it is a party or any provision of its certificate of incorporation or by-laws or its partnership agreement.

(iv) No representation made by it to the other party under, pursuant to, or in connection with, this Agreement contains any untrue statement of fact, or omits to state any fact which is necessary to make such representation not misleading.

4. COMPLIANCE WITH LAW

The parties in promotion and marketing the Products pursuant to this Agreement shall comply fully with all applicable federal, state, and local laws and regulations. The parties shall obtain and maintain all applicable licenses, permits, approvals, and other authorizations necessary in order to perform their respective obligations under this Agreement.

5. CONFIDENTIALITY

Neither Integra nor Healthpoint nor DPT shall:

(i) Disclose (other than as may be required by law) to any third party any information which may be revealed by one party to the other in connection with the negotiation and performance of this Agreement; nor

(ii) Use for any purpose whatsoever anywhere, except for the purpose of effecting the purpose of this Agreement, any such information which may be revealed by one party to the other.

This requirement of confidentiality shall not apply to information which is known to the parties before execution of this Agreement, or which is or becomes known to the public through no fault of either party to this Agreement, or information which is subsequently obtained by any party to this Agreement from a third party who is not under an obligation of non-disclosure to a party to this Agreement.

6. FORCE MAJEURE

The performance by any party of any covenant or obligation on its part to be performed under this Agreement shall be excused by floods, strikes or other labor disturbances, riots, fire, accidents, war, embargoes, delays of carriers, inability to obtain materials, failure of power or of natural sources of supply, acts, injunctions, or restraints of government (whether or not now threatened), or any cause preventing such performance whether similar or dissimilar to the foregoing beyond the reasonable control of the party bound by such covenant or obligation; provided, however, that the party affected shall take all reasonable actions within its power to comply as fully as possible with the terms of this Agreement; provided further, however, that the party affected shall not be required to settle any labor dispute on terms contrary to its wishes nor to test the validity of any law, regulation, or order by way of legal proceedings.

7. ASSIGNMENT

This Agreement shall not be assigned by Integra, on the one hand, or Healthpoint and DPT, on the other hand, without the written consent of the other party.

8. NON-WAIVER AND OTHER REMEDIES

The failure of any party to insist upon the strict and punctual performance of every provision of this Agreement shall not constitute waiver of nor estoppel against asserting the right to require such performance, nor shall a waiver and estoppel in one instance constitute a waiver or estoppel with respect to any other breach whether of a similar nature or otherwise.

9. UNENFORCEABLE TERMS

In the event that any provision of this Agreement shall for any reason be finally adjudged as invalid, illegal, or unenforceable in any respect by any court, arbitration panel, commission, or agency having jurisdiction over any party, the validity of this Agreement as a whole shall not be affected. The parties, rather, undertake to replace ineffective clauses with legally effective ones which come as close as possible to the sense of the ineffective clauses, and the purpose of this Agreement and the terms hereof shall be reformed to this extent.

10. NOTICES

10.1 Any notice required or permitted by this Agreement shall be sent via telefax with an original delivered personally or mailed by first class, registered, or certified mail, postage prepaid by the other party as follows:

Notices to Healthpoint shall be sent to Healthpoint, Ltd., 2600 Airport Freeway, Fort Worth, Texas 76111 (telefax (817) 900-4101), Attention: H. Paul Dorman.

Notice to DPT shall be sent to DPT Laboratories, Inc. 307 E. Josephine Street, San Antonio, Texas 78215 (telefax (210) 227-6132), Attention: H. Paul Dorman

Notices to Seller shall be sent to Integra LifeSciences Corporation, 105 Morgan Lane, Plainsboro, New Jersey 08536-3297 (telefax (609) 799-3297), Attention: Stuart M. Essig.

10.2 Any party may change its address for purposes of this clause by giving written notice of such change to all of the other parties hereto.

11. AGENCY AND REPRESENTATION

The legal relationship between the parties shall not be understood so that Integra, on the one hand, or Healthpoint and DPT, on the other hand, is deemed a partner, distributor, or agent of the other party, nor will it confer upon any party the right or power to bind the other party in any contract or to the performance of any obligations as to any third party. Integra, on the one hand, or Healthpoint and DPT, on the other hand, shall each conduct its transactions and operations with the other parties hereto as an independent contractor.

12. GOVERNING LAW AND CHOICE OF FORUM

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware. The parties agree to attempt to settle any disputes that arise in connection with this Agreement through good faith mediation efforts. The parties agree that any dispute that arises in connection with this Agreement which is not settled through good faith mediation efforts shall be settled by arbitration which shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Such arbitration shall be held in (i) Mercer County, New Jersey, if the demand for arbitration is initiated by Healthpoint or DPT or (ii) Tarrant County, Texas, if the demand for arbitration is initiated by Integra. There shall be one arbitrator mutually approved by both parties. If the parties are unable to agree upon the single arbitrator, there shall be three (3) arbitrators, one (1) to be chosen by Integra, one (1) to be chosen by Healthpoint or DPT and a third to be selected by the two arbitrators so chosen. The decision of the arbitrators shall be final and binding upon all parties and their respective successors and assigns. The costs of arbitration, including reasonable attorney's fees, shall be borne by the losing party.

13. ENTIRE AGREEMENT AND AMENDMENTS

This Agreement, together with the other written agreements referenced herein, constitute the entire agreement between the parties, and supersedes any and all prior agreements or representations, whether oral or written, concerning the subject matter of this Agreement. No amendment, addition, or deletion to this Agreement shall be effective unless in writing and executed by all parties.

14. HEADINGS

The clause headings throughout this Agreement are for convenience and reference only, and the words contained in them shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

15. EXPENSES

Except as otherwise expressly provided in this Agreement, each party shall bear its respective out-of-pocket expenses incurred in attending meetings and in performing its other obligations under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their duly authorized officers or representatives as of the day and year written above.

INTEGRA LIFESCIENCES
CORPORATION, for itself and its subsidiaries

HEALTHPOINT, LTD.
By: DFB Holding, Inc., its general partner

By:/s/ Stuart M. Essig

Its: President

By:/s/ H. Paul Dorman

: President

RYSTAN COMPANY, INC.

DPT LABORATORIES, LTD.
By: DFB Holding, Inc, its general partner

By:/s/ David B. Holtz

Its: Vice President

By:/s/ H. Paul Dorman

Its: President

SCHEDULES TO MANUFACTURING AGREEMENT

SCHEDULE A- BURN MARKET

NEWS RELEASE
January 5, 1999

Contact:
Integra LifeSciences Corporation
Judy Brenna, Director, Corporate Communications
(609) 936-2398
jybrenna@integra-LS.com

Noon/Russo Communications, Inc.
(212) 696-4455
Meredith Milewicz, Investor, x228
Ernie Knewitz, Media, x204

Healthpoint, Ltd.
Michael Steadman, Vice President, Sales
(817) 900-4011
michael.steadman@healthpointltd.com

Integra LifeSciences and Healthpoint Reach Agreement for
Expansion of Panafil(R) Franchise

Plainsboro, NJ and Fort Worth, TX, January 5, 1999/PR Newswire/ - Integra LifeSciences Corporation (Nasdaq: IART) and Healthpoint, Ltd. of Fort Worth, Texas, today announced that they had signed a series of agreements for the sale of Panafil(R) healing and debriding agent and the marketing of Panafil(R) and Accuzyme(R) debriding agents.

Under the terms of the purchase agreement, Integra has sold its Panafil(R) product line, including the brand name and related equipment, to Healthpoint for \$6.4 million in cash. Integra will recognize a gain on the transaction. During a transition period, Integra is entitled to receive the first \$3 million of Panafil(R) sales specifically to the podiatry market and certain hospitals with burn centers.

Simultaneous with the sale, Integra and Healthpoint also entered into a series of co-marketing agreements under which Integra will receive sales commissions for marketing Panafil(R) and Accuzyme(R) in the podiatry market and certain hospitals with burn centers. Healthpoint will be responsible for product distribution and coordination, and for sales of both products in all other markets. The companies are also discussing the co-marketing of certain of the other's products to their respective sales call points.

Panafil(R), which Integra acquired in September 1998 with its acquisition of Rystan Company, is a healing and enzymatic debridement agent used to remove necrotic tissue and simultaneously to promote normal healing in acute and chronic wounds, including diabetic ulcers, burns, and postoperative and infected wounds. Panafil's(R) principal customers are doctors of podiatric medicine.

DPT Laboratories, Ltd. of San Antonio, Texas, an associate company of Healthpoint, will become the manufacturer of Panafil(R) after completion of the transition period.

H. Paul Dorman, Chairman and Chief Executive Officer of Healthpoint, stated, "We are pleased to add Panafil(R) to our portfolio of wound and skin care products. The acquisition of Panafil(R) expands our comprehensive wound management system, and Integra provides a strong partner to effectively reach the

podiatry and burn markets."

"The completion of these agreements is consistent with one of our key strategies to enhance shareholder value," said Stuart M. Essig, Integra President and Chief Executive Officer. "Finding and working with market-leading partners, such as Healthpoint, is essential to our success. This transaction realizes significant cash flow for Integra while allowing us to build on the synergies between the Panafil(R) and Accuzyme(R) brands and our INTEGRA(R) Artificial Skin product in the markets Integra serves. Several of our hospital burn center customers already placed their first order for Panafil(R)."

Integra acquired Rystan from Elan Corporation, plc (NYSE: ELN) in a stock and warrants transaction. Integra will continue to sell Rystan's Derifil(R) product, which had 1998 revenues to Rystan of approximately \$700,000, through its marketing partner Numark Corporation. Integra's current plan is to consolidate Rystan's activities in Plainsboro.

Integra develops, manufactures and markets medical devices, implants and biomaterials primarily used in the treatment of burns and skin defects, spinal and cranial disorders, orthopedics and other surgical applications. With approximately 165 employees, Integra's corporate headquarters is located in Plainsboro, NJ, and its Corporate Research Center is located in San Diego, CA. Please feel free to visit the Company's WebSite (<http://www.integra-LS.com>).

Healthpoint, Ltd develops, manufactures and markets branded pharmaceuticals, over-the-counter drugs and medical devices, particularly in the areas of wound management, dermatology and infection prevention. Since its inception in 1992, Healthpoint's sales have doubled each of the first five years, with additional promise of outstanding growth as the company positions its new proprietary technologies into several large markets. For more information about Healthpoint, please contact Michael Steadman, Vice President of Sales, at 817-900-4011 or visit Healthpoint's Website (<http://www.healthpointltd.com> or <http://www.healthpoint.com>).

Certain statements made in this press release related to product development and potential therapeutic applications are forward-looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may differ materially from those set forth in these statements. 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.