Integra LifeSciences Announces Planned Restructuring of its European Operations

PLAINSBORO, N.J., June 1, 2005 (PRIMEZONE) -- Integra LifeSciences Holdings Corporation (Nasdaq:IART) today announced the planned reorganization of its European operations.

"We recently began to review our European manufacturing and distribution operations for possible restructuring," said Stuart M. Essig, Integra's President and Chief Executive Officer. "We expect that the pending review of our manufacturing and distribution operations will lead to a restructuring that will affect most of our European facilities. We expect to reinvest the bulk of the savings from these activities in further building out our European sales, marketing and distribution organization, and integrating the Newdeal group's business with our existing sales and distribution network."

The Company has initiated discussions of these potential restructurings with local labor representatives. The costs of these activities will depend upon various considerations, including the number of employees to be terminated and their locations, the availability of other jobs within Integra LifeSciences, and the level of severance benefits.

The Company may incur significant costs over the remainder of this year in connection with employee severance, legal, and other items related to the restructuring. Based on management's preliminary assessment, Integra LifeSciences estimates that such costs will not exceed $8 million in the aggregate. We currently expect these charges to occur over the remainder of 2005 and to impact our 2005 GAAP reported earnings per diluted share guidance by approximately $0.16. Our adjusted earnings per share guidance which excludes charges related to acquisitions, integrations and restructurings remains unchanged in a range of $1.33 to $1.38 in the full year 2005 and $0.28 to $0.30 in the second quarter. On a GAAP reported basis, we expect earnings per share in 2005 to be within a range of $1.15 to $1.20 in the full year and $0.16 to $0.18 in the second quarter.

While we expect a positive impact of the restructuring activities with projected cost savings of approximately $3 million per year for 2006 and beyond, such results remain uncertain. We also expect to invest some of the benefit of the restructuring activities in expanding our European sales and marketing activities. For this reason, our expectations for earnings per diluted share in 2006 remain unchanged in a range of $1.65 to $1.75. Our expectation ranges for 2006 earnings per diluted share do not reflect the impact of expensing stock options beginning January 1, 2006 under the accounting standard recently issued by the Financial Accounting Standards Board (FASB).

Integra LifeSciences Holdings Corporation is a diversified medical technology company that develops, manufactures, and markets medical devices for use in a variety of applications. The primary applications for our products are neuro-trauma and neurosurgery, reconstructive surgery and general surgery. Integra is a leader in applying the principles of biotechnology to medical devices that improve patients' quality of life. Our corporate headquarters are in Plainsboro, New Jersey, and we have research, manufacturing and distribution facilities located throughout the world. We have approximately 1,200 employees. Please visit our website at http://www.Integra-LS.com.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements concerning future financial performance, including projections for revenues, gross margins, earnings per share and cash flows. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Among other things, our ability to maintain relationships with customers of acquired entities, physicians' willingness to adopt our recently launched and planned products and our ability to secure regulatory approval for products in development may adversely affect our future product revenues; our ability to increase sales and product volumes may adversely affect our future gross margins; our ability to integrate acquired businesses, increase product sales and gross margins, and control non-product costs may affect our earnings per share; our ability to complete the restructuring of our manufacturing and distribution operations may affect our operating income; and our future net income results and our ability to effectively manage working capital may affect our future cash flows. In addition, the economic, competitive, governmental, technological and other factors identified under the heading "Factors That May Affect Our Future Performance" included in the Business section of Integra's Annual Report on Form 10-K for the year ended December 31, 2004 and information contained in subsequent filings with the Securities and Exchange Commission could affect actual results.

Regulation G, "Conditions for Use of Non-GAAP Financial Measures," and other provisions of the Securities Exchange Act of 1934, as amended, define and prescribe the conditions for the use of certain non-GAAP financial information. In this news release, we provide "adjusted earnings per share", which excludes charges related to acquisitions, integrations and restructurings and is a non-GAAP financial measure. We believe that, given our on-going, active strategy of seeking acquisitions and the non-recurring nature of the restructuring of our European operations, focusing on earnings per share adjusted to exclude costs related to acquisitions, integrations and restructurings is a useful additional basis to measure the performance of our business operations, both in this quarter and in future periods. A reconciliation of this non-GAAP financial measure to the most comparable GAAP measure is provided in the tables of financial information contained at the end of this news release.

Non-GAAP financial measures should not be relied upon to the exclusion of GAAP financial measures. Management believes that this non-GAAP financial measure is important supplemental information to investors which reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the accompanying reconciliations, provides a more complete understanding of factors and trends affecting our ongoing business and operations. Management strongly encourages investors to review our financial statements and filed reports in their entirety and to not rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

Reconciliation of non-GAAP financial measures to the most comparable GAAP measure:

A. Reconciliation of Projected Diluted EPS and Projected Adjusted Diluted EPS

	Range	
Projected three months ended June 30, 2005:		
Diluted EPS	$0.16	$0.18
Inventory fair value adjustments, net of tax	0.01	0.01
Acquisition and integration related costs and restructuring charges, net of tax	0.11	0.11
Adjusted Diluted EPS	$0.28	$0.30
Projected twelve months ended December 31, 2005:		
Diluted EPS	$1.15	$1.20
Inventory fair value adjustments, net of tax	0.01	0.01
Acquisition and integration related costs and restructuring charges, net of tax	0.17	0.17
Adjusted Diluted EPS	$1.33	$1.38

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