



## Integra LifeSciences Reports First Quarter Earnings Per Share of \$0.13 on Record Revenues of \$25.9 Million

PLAINSBORO, N.J., May 8, 2002 (PRIMEZONE) -- Integra LifeSciences Holdings Corporation (Nasdaq: IART) today reported record revenues of \$25.9 million and net income of \$0.13 per share for the quarter ended March 31, 2002. Total revenues increased \$4.2 million to \$25.9 million, a 20% increase over the first quarter of 2001. Revenue growth was led by a \$4.1 million increase in product sales to \$24.4 million, a 20% increase over the prior year quarter. The growth in product sales was primarily related to a \$4.0 million increase in Integra NeuroSciences division product sales, a 25% improvement over the first quarter of 2001. This increase reflected \$2.0 million in sales of products acquired since the end of the first quarter of 2001 and continued strength in the DuraGen® product line. Other revenues for the first quarter of 2002 include a \$0.5 million event payment from the Ethicon division of Johnson & Johnson for the achievement of a clinical and regulatory objective for the INTEGRA® Dermal Regeneration Template.

"Overall, I am very pleased with our performance this quarter," said Stuart M. Essig, Integra's President and Chief Executive Officer. "The 20% increase in product sales is in line with our stated product sales growth objective of approximately 18% to 20% per annum through 2003. Our earnings of \$0.13 per share were at the high end of our expectations and \$0.01 per share above the analyst consensus estimates. In the Integra NeuroSciences division, we are on track to meet our goal of adding a total of 19 neurospecialists in 2002, with 52 of 63 territories now filled in our domestic sales force. Additionally, we received FDA 510(k) clearance in March to market a tunneled catheter for the LICOX® system."

Net income for the first quarter of 2002 was \$4.1 million, or \$0.13 per share, as compared to net income of \$2.0 million, or \$0.07 per share, reported in the prior year's first quarter. Net income improved primarily as a result of the increase in revenues and a three percentage point improvement in consolidated gross margin on product sales to 61% in the first quarter of 2002. The Company has a stated gross margin target of 60% for the full year 2002 and 63% for the full year 2003.

Offsetting the improved gross margin results was an increase in the Company's effective tax rate from 11% in the first quarter of 2001 to a 35% rate recorded in 2002. The effective rate for the first quarter of 2001 reflects the utilization of the Company's net operating loss carryforwards during the period. In the fourth quarter of 2001, the Company reversed a portion of the valuation allowance recorded against the deferred tax assets related to these net operating loss carryforwards, which is expected to result in an ongoing effective tax rate of 35%. The Company's actual cash tax rate is expected to be in the 6% to 8% range in 2002. Had the Company's effective tax rate been 35% in 2001, reported earnings would have been \$0.05 per share in the first quarter of 2001.

### INTEGRA NEUROSCIENCES DIVISION:

	Quarter Ended March 31,	
	2002	2001
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Product sales	\$ 19,795	\$ 15,786
Total revenues	19,823	16,064
Total operating expenses	14,606	11,858
Operating income	5,217	4,206

For the first quarter of 2002, Integra NeuroSciences product sales increased \$4.0 million to \$19.8 million, a 25% increase over the prior year quarter. This increase included \$2.0 million in sales of product lines acquired since the end of the first quarter of 2001. The remaining sales growth was led by the DuraGen® Dural Graft Matrix. Gross margin on product sales was 64% in the first quarter of 2002, as compared to 62% in the first quarter of 2001. Total other operating expenses increased \$1.6 million to \$7.4 million, with the division reporting a \$5.2 million operating profit.

### INTEGRA LIFESCIENCES DIVISION:

	Quarter Ended March 31,	
	2002	2001
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Product sales	\$ 4,635	\$ 4,498
Total revenues	6,093	5,620

Total operating expenses	3,658	4,697
Operating income	2,435	923

For the first quarter of 2002, Integra LifeSciences division product sales increased \$0.1 million to \$4.6 million, a 3% increase over the prior year quarter. Integra LifeSciences division product sales for the quarter were negatively affected by reduced orders for the VitaCuff®; infection control product from one of the Company's OEM customers, which were approximately \$400,000 less in the first quarter of 2002 as compared to the customer's average quarterly orders over the last two years. Gross margin on product sales increased to 50% in the first quarter of 2002, as compared to 43% in the first quarter of 2001. Total other operating expenses decreased \$0.8 million to \$1.4 million, with the division reporting a \$2.4 million operating profit.

Divisional financial results exclude corporate general and administrative expenses and intangible asset amortization. Corporate general and administrative expenses decreased \$0.1 million to \$2.0 million in the first quarter of 2002. Amortization expense decreased \$0.3 million in the first quarter of 2002 to \$0.3 million. Upon the full implementation of Statement of Financial Accounting Standard No 142 in January 2002, the Company ceased amortization of all goodwill balances. The implementation of Statement 142 had a favorable impact on earnings of approximately \$0.01 per share in the first quarter of 2002.

The Company reported operating earnings before interest, taxes, depreciation and amortization (EBITDA) of \$6.5 million in the first quarter of 2002, as compared to \$3.8 million in the prior year quarter.

The Company's cash and investments totaled \$132.4 million at March 31, 2002.

Integra's forward-looking sales and earnings guidance remains unchanged. Product sales are expected to grow at a rate of approximately 18% to 20% per annum through 2003. The Company anticipates full year 2002 earnings per share to be within a range of \$0.56 to \$0.59 and 2003 earnings per share to be within a range of \$0.72 to \$0.75. Second quarter 2002 earnings are expected to be \$0.13 per share, which is consistent with the current analyst consensus estimates.

The Company has scheduled a conference call for 9:00 am EST today, May 8, 2002, to discuss financial results for the first quarter of 2002 and its forward-looking earnings guidance. The call is open to all listeners and will be followed by a question and answer session. Access to the live call is available by dialing (706) 679-0769 or through a listen-only webcast via a link provided on the home page of Integra's website at <http://www.Integra-LS.com>. A replay of the conference call will be accessible starting one hour following the live event. Access to the replay is available through May 22, 2002 by dialing (706) 645-9291 (access code 3757274) or through the webcast accessible on our home page.

Integra LifeSciences Holdings Corporation develops, manufactures and markets medical devices, implants and biomaterials primarily used in the treatment of cranial and spinal disorders, soft tissue repair and orthopedics. Integra is a leader in applying the principles of biotechnology to medical devices that improve patients' quality of life. The Company has its corporate headquarters in Plainsboro, New Jersey, with manufacturing and research facilities located throughout the world. The Company has approximately 600 permanent employees.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements concerning the anticipated expansion in the direct sales force and statements concerning future financial performance, including projections for revenues, gross margins, income tax rates, and earnings per share. The accuracy of such forward-looking statements is necessarily subject to risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Among other things, the Company's ability to find qualified candidates may affect its ability to expand its direct sales presence, the Company's ability to increase its direct sales force and the willingness of physicians to adopt the Company's recently launched products may affect growth in product sales, the Company's ability to increase sales and product volumes may affect growth in gross margins, the geographic mix of taxable income may affect income tax rates, and the Company's ability to increase product sales, gross margins and the Company's actual tax rate for 2002 may affect earnings per share. In addition, the economic, competitive, governmental, technological and other factors identified under the heading "Risk Factors" included in the Business section of Integra's Annual Report on Form 10-K for the year ended December 31, 2001 and information contained in subsequent filings with the Securities and Exchange Commission could affect actual results.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION  
CONSOLIDATED FINANCIAL RESULTS  
(In thousands, except per share data)  
(UNAUDITED)

Statement of Operations Data:

	Three Month Period	
	Ended March 31	
	2002	2001
Product sales	\$ 24,430	\$ 20,284

Other revenue	1,486	1,400
Total revenue	25,916	21,684
Cost of product sales	9,528	8,594
Research and development	1,822	2,073
Selling and marketing	5,672	4,751
General and administrative	3,219	3,204
Amortization	350	680
Total costs and expenses	20,591	19,302
Operating income	5,325	2,382
Interest income (expense), net	993	(78)
Other income (expense), net	(23)	(62)
Income before income taxes	6,295	2,242
Provision for income taxes	2,204	246
Net income	\$ 4,091	\$ 1,996
Preferred stock dividends	(135)	(385)
Net income available to common stockholders	\$ 3,956	\$ 1,611
Diluted net income per share	\$ 0.13	\$ 0.07
Weighted average Common shares outstanding	30,717	21,849
Balance Sheet Data:		
	31-MAR 2002	31-DEC 2001
Cash, cash equivalents & investments	\$132,373	\$131,036
Total assets	226,767	227,588
Total debt	--	3,576
Total stockholders' equity	208,463	204,056

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