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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Latham & Watkins Steers Integra's \$204M Derma Sciences Buy

By Chelsea Naso

Law360, New York (January 11, 2017, 4:40 PM EST) -- Integra LifeSciences Holdings Corp., led by Latham & Watkins LLP, on Tuesday revealed plans to snap up tissue regeneration company Derma Sciences Inc. in a \$204 million deal, as it looks to bolster its wound care product offerings, according to a statement.

Integra will buy Derma Sciences, giving it access to a new set of wound care offerings, including amniotic tissue-based products, according to a statement.

"Derma Sciences' amniotic tissue-based platform technology further broadens Integra's regenerative technology capabilities and builds upon our 3x3 wound care strategy," Peter Arduini, Integra president and CEO, said in a statement. "The addition of a complementary portfolio of wound care products, including an amniotic product with reimbursement in the wound care channel, allows us to further drive scale in the advanced wound care market."

Under the terms of the transaction, Integra will pay \$7 for each Derma Sciences share of common stock in cash, according to a statement. The offer marks a 40 percent premium to Derma Sciences' unaffected stock price.

Integra will also buy Derma Sciences' preferred stock. The company expects to pay \$32 for each share of Series A preferred stock and \$48 for each share of Series B preferred stock, according to a statement.

The transaction will be carried out through a tender offer.

For Derma Sciences, the transaction allows it to bring its portfolio of products to a larger set of clinicians and patients, according to a statement.

"Both Integra and Derma have a significant commitment to tissue regeneration, wound care and patient care. Derma's portfolio of biologics and advanced wound care products are a natural extension of Integra's business, and with Integra's global presence, our products will reach a much larger and broader set of clinicians and patients," Stephen T. Wills, Derma Sciences executive chairman and interim principal executive officer, said in a statement.

Derma Sciences' stock jumped on news of the deal, trading at just less than \$7 per share on Wednesday, afternoon after closing at \$5 a share on Tuesday.

Integra, however, saw its share price slip slightly following the deal's announcement. After closing on Tuesday at \$44.90 per share, Integra's stock was trading around \$43.39 a share on Wednesday afternoon.

The deal is subject to U.S. antitrust clearance and the tender of a majority of Derma Sciences' outstanding shares, among other closing conditions. Integra expects to seal the acquisition by the end of the first quarter of 2017.

Integra is advised by Latham & Watkins, and Bank of America Merrill Lynch is acting as financial adviser.

The Latham & Watkins team is led by corporate partners Ted Sonnenschein, Bradley Faris and Jason Morelli, with associates Jonathan Schiller and Megan Staub, and includes tax partner Laurence Stein and associate Brian Rogers; benefits and compensation partner Michelle Carpenter and associates Kate Napalkova and Pradip Chandrasoma; antitrust partners Marc Williamson and Amanda Reeves and associate Patrick English; regulatory partners Stuart Kurlander and Ben Haas and counsel Betty Pang and Elizabeth Richards; and intellectual property partner Jeffrey Tochner.

Derma Sciences is advised by Thompson Hine LLP. Greenhill served as financial adviser.

Greenhill is advised by a Fried Frank Harris Shriver & Jacobson LLP team including corporate partners Philip Richter and Abigail Pickering Bomba and associate Elizabeth Kalenik and litigation partner Scott B. Luftglass.

--Editing by Stephen Berg.