Hanger Orthopedic Group, Inc. Announces Restructuring Initiative

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Contact:

Ivan R. Sabel (301) 986-0701

Bethesda, Maryland, January 30, 2001. Hanger Orthopedic Group, Inc. (NYSE:HGR) announced today that sales for the fourth quarter would be weaker than forecast. The revenue shortfall is expected to be in the range of $5 million, or approximately 5% of revenue.

Ivan R. Sabel, the Chairman of the Board, also announced the company was undertaking certain steps designed to produce cost savings and more closely match cash flow with its debt obligations.

Hanger has developed its cost savings program in consultation with Jay Alix & Associates, a firm that specializes in advising companies seeking to implement these types of changes. Among the targeted plans are spending reductions, improving the utilization and efficiency of support services, including claims processing, the refinement of materials purchasing and inventory management and consolidation of distribution services. In addition, the Company will seek to enhance revenues through revised marketing efforts and more efficient billing procedures.

Ivan R. Sabel, the Chairman of the Board, stated that the Board and management were fully supportive of the changes suggested by Jay Alix. He stated that, “While this is a challenging period for the Company, we look forward to implementing the ideas that have been developed. We believe that our operations are sound and that our qualified and dedicated employees will enable us to embrace the changes necessary to improve results and lessen the burden of our current debt.” The fourth quarter and full year earnings will be impacted by the revenue shortfall, as well as restructuring charges associated with the improvement plans and certain other non-recurring charges.

At the same time, its Chief Financial Officer, Richard A. Stein, has left the Company to pursue other opportunities. Mr. Stein stated that, “I have found my 13 years with Hanger a very gratifying experience and wish my colleagues great success with the initiative they must now undertake.” The Company has engaged the executive search firm of Korn-Ferry to identify candidates for a new Chief Financial Officer. Mr. Sabel noted that, “Richard Stein has been an invaluable member of Hanger's senior management team. We know he will be successful as he enters a new opportunity.”

Certain statements included in this press release are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to the Company's SEC filings for factors that could cause actual results to differ materially from the Company's expectations.