



## CryoLife, Inc. Reports Record Revenues and Record Earnings for the Year 2000

January 31, 2001

ATLANTA, Jan. 31 /PRNewswire/ -- CryoLife, Inc. (NYSE: CRY), the leader in the development and commercialization of tissue-engineered implantable heart valves, vascular grafts and protein based surgical adhesives, today reported record revenues and record earnings for the year ended December 31, 2000.

Revenues for the year ended December 31, 2000 were \$77.1 million, a 16% increase over the previous record of \$66.7 million set in 1999. Net income for the year 2000 was a record of \$7.8 million, a 29% increase compared to net income of \$6.1 million for the year ended December 31, 1999, before one time charges associated with Horizon Medical Products, Inc.'s default on its manufacturing agreement. On a fully diluted basis, earnings per share for the year ended December 31, 2000 rose to \$0.41 from \$0.32 for the same period in 1999. All 1999 results have been adjusted to exclude the one-time charges of \$.09 per common share associated with Horizon Medical Product, Inc.'s default on its manufacturing contract.

Revenues for the fourth quarter ended December 31, 2000 were \$18.5 million, up 12% over the \$16.5 million recorded in the fourth quarter of 1999. Net income in the fourth quarter of 2000 was \$1.9 million, an increase of 55% compared to net income of \$1.2 million for the same period in 1999. On a fully diluted basis, earnings per common share for the fourth quarter of 2000 rose to \$0.10 from \$0.07 for the same period in 1999.

Earnings per common share reflect an adjustment in the number of shares outstanding as a result of a 3-for-2 stock split effected on December 27, 2000.

Steven G. Anderson, President and Chief Executive Officer, CryoLife, Inc., noted "The strong financial performance in the year 2000 is a direct result of continuing growth in our core businesses and the introduction of BioGlue(R) surgical adhesive in both domestic and overseas markets. International revenues for the year 2000 were \$5.1 million, an increase of 27% over 1999."

### Cryopreservation Services Review

The Company's performance in the fourth quarter of 2000 was driven by continued progress in its diversification strategies, combined with solid results from its core orthopaedic business. Orthopaedic tissue processing revenues for the year 2000 increased by 44% over 1999. Cardiovascular tissue processing revenues increased 2%. Vascular tissue processing revenues increased by 10% year to year.

### BioGlue Progress

The commercial rollout of BioGlue surgical adhesive in both domestic and overseas markets has had a meaningful impact on corporate results, accounting for 8% of the Company's total revenues in 2000. BioGlue revenues rose 285% in the fourth quarter to \$2.1 million; up from \$549,000 in the year ago period, while BioGlue revenues for the year 2000 increased 287% to \$6.4 million, up from \$1.7 million in 1999.

BioGlue is currently approved for vascular and pulmonary repair in 41 foreign countries and is commercially available in the United States under a Food and Drug Administration (FDA) approved Humanitarian Use Device Exemption (HDE) for use as an adjunct in the repair of acute thoracic aortic dissections, a life-threatening condition.

Also, the Company recently completed the enrollment and follow-up for an expanded Investigational Device Exemption (IDE) for the use of BioGlue in all cardiac and vascular repair, and will file a Premarket Approval (PMA) for BioGlue's use in all vascular repair and sealing the last week of January 2001.

### Gross Margins

Gross margins for the fourth quarter and year-ended December 31, 2000 were 58% and 56%, respectively, compared to 53% and 54% for the corresponding periods in 1999. The increase in year-to-date gross margins resulted from the Company's diversification strategy, most notably the growing contribution of BioGlue, which carries gross margins in excess of those in the cryopreservation business, as well as the winding down of the Ideas for Medicine OEM contract with Horizon Medical Products, Inc., which had significantly lower margins than the Company's core business.

### SynerGraft(R) Progress

The Company continues to make significant advances in the development of the SynerGraft family of implantable biologic devices. This remarkable tissue-engineering technology allows for the depopulation of donor cells leaving a collagen matrix that has the potential to repopulate with the recipient's own cells. Management believes that the SynerGraft technology represents a major scientific breakthrough in controlling or eliminating rejection reactions in tissue-based implantable medical devices. On October 16, 2000, the Company announced that it had received the CE Mark (product certification) for the commercial distribution in the European Union of CryoLife's recently introduced SynerGraft tissue-engineered porcine pulmonary heart valves. Since October 2000 the Company has shipped seven SynerGraft heart valves to customers in the European Union.

In February of 2000, the Company began processing some human allograft heart valves with the SynerGraft technology. To date over 110 SynerGraft processed human heart valves have been transplanted in patients within the U.S. by thirteen different surgeons.

In January 2001 the Company began using SynerGraft technology to process human vascular tissue. The SynerGraft processed human vascular grafts will be used as A-V access shunts for dialysis patients. To date four vascular grafts processed with the SynerGraft technology have been implanted in humans in the U.S. The Company anticipates changing all of its human allograft valve and vascular tissue processing to the SynerGraft technology beginning in June 2001.

Founded in 1984, CryoLife, Inc. is the leader in the development and commercialization of implantable living human tissues for use in cardiovascular, vascular, and orthopaedic surgeries throughout the United States and Canada. The Company's BioGlue surgical adhesive is approved as an adjunct for acute thoracic aortic dissections under HDE regulations in the United States and is CE marked in the European Union and approved in Canada for use in vascular and pulmonary sealing and repair. The Company also manufactures the SynerGraft heart valve, the world's first tissue-engineered heart valve replacement and the CryoLife-O'Brien(R) and CryoLife-Ross(R) stentless porcine heart valves, which are CE marked for distribution within the European Community. The human heart valves and vascular grafts processed by CryoLife using the SynerGraft technology are distributed in the U.S. under the trade names of CryoValve(R) SG and CryoVein(R) SG, respectively.

Financial Highlights Follow.

Statements made in this press release that look forward in time or that express management's beliefs, expectations or hopes regarding future occurrences are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These future events may not occur when expected, if at all, and are subject to various risks and uncertainties. Such risks and uncertainties include the possibility that SynerGraft valves will not have the functionality of human heart valves or repopulate with human recipient cells, that future clinical SynerGraft or BioGlue test results will prove less encouraging than current results, that SynerGraft or BioGlue regulatory submissions will not be ready when planned or that anticipated regulatory approvals will not be obtained on a timely basis, if at all, the possibility that there will not be an adequate supply of human tissue for cryopreservation, the possibility of rapid technological change, uncertainties regarding products in development, competition from other companies, changes in laws and governmental regulations applicable to the Company and other risk factors detailed in the Company's Securities and Exchange Commission filings, including the Company's Form 10-K for the year ended December 31, 1999.

For additional information about the company, visit CryoLife's web site: <http://www.cryolife.com>

Financial Results 2000  
CRYOLIFE, INC.  
Unaudited Financial Highlights  
(In thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2000	1999	2000	1999
Revenues	\$18,495	\$16,473	\$77,096	\$66,722
Cost and expenses:				
Cryopreservation and products	7,595	7,629	33,347	30,170
General, administrative and marketing	7,233	6,410	28,731	24,693
Research and development	1,502	1,283	5,207	4,396
Nonrecurring charge	---	2,355	---	2,355
Interest expense	63	87	299	387
Interest income	(639)	(403)	(1,952)	(1,556)
Other	(96)	(192)	(169)	(224)
Total costs and expenses	15,658	17,169	65,463	60,221
Earnings before income taxes	2,837	(696)	11,633	6,501
Income tax expense	911	(326)	3,816	2,050
Net income	\$1,926	\$(370)	\$7,817	\$4,451
Earnings per share:				
Basic	\$0.10	\$(0.02)	\$0.42	\$0.24
Diluted	\$0.10	\$(0.02)	\$0.41	\$0.24
Weighted average shares outstanding:				
Basic	18,692	18,374	18,541	18,512
Diluted	19,534	18,665	19,229	18,800
Revenues From:				
Cardiovascular	\$6,617	\$6,574	\$29,685	\$29,043
Vascular	5,045	5,295	21,279	19,273

Orthopaedic	4,328	3,335	16,132	11,200
Total				
Cryopreservation	15,990	15,204	67,096	59,516
Bioprosthetic Valves	160	202	771	955
IFM	---	289	2,208	3,717
BioGlue	2,115	549	6,405	1,657
Other	230	229	616	877
Total Revenues	\$18,495	\$16,473	\$77,096	\$66,722

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