



CryoLife(R) Reports Third Quarter 2003 Financial Results

November 4, 2003

BioGlue(R) Revenues on Track to Reach \$26-27 Million for 2003
Files Application for AATB Accreditation

Submits 510k to the FDA for Decellurized, SynerGraft Processed Heart Valves

Restates 2nd Quarter 2003 Results to Reflect Additional
\$2.4 Million Tax Refund

ATLANTA, Nov. 4 /PRNewswire-FirstCall/ -- CryoLife, Inc. (NYSE: CRY), a human tissue processing and bio-surgical device company today reported financial results for the third quarter 2003.

Revenues for the third quarter 2003 were \$15.1 million compared to \$16.9 million in the third quarter of 2002. Net loss in the third quarter of 2003 was \$4.7 million compared to \$19.6 million in the third quarter of 2002. On a fully diluted basis, net loss per common share for the third quarter was \$0.24 compared to a net loss of \$1.01 per share for the same period in 2002.

Revenues for the first nine months of 2003 were \$46.7 million compared to \$65.6 million in the first nine months of 2002. The net loss for the first nine months of 2003 was \$25.1 million compared to a net loss of \$22.1 million in the same period last year. On a fully diluted basis, the net loss per common share was \$1.27 compared to a \$1.14 net loss in the first nine months of 2002.

Separately, the Company is reporting a restatement of previously reported financial results for the second quarter 2003, reflecting an additional \$2.4 million of anticipated income tax refunds resulting from tax loss carrybacks. Accordingly, restated results of operations reflect a \$2.4 million decrease in income tax expense for the three and six months ended June 30, 2003. Basic and diluted net loss per share for the three and six months, as restated, is \$1.01 and \$1.04, respectively, reflecting a favorable impact of \$0.13 per share. A summary of the previously reported and restated amounts is attached. The Company expects to receive the tax refund in the first half of 2004.

In the third quarter of 2003, worldwide BioGlue sales increased 29% to \$6.7 million compared to \$5.2 million in the third quarter of 2002. BioGlue revenues increased 31% for the first nine months of 2003 to \$20.0 million from \$15.3 million in the same period last year. BioGlue is on track to reach \$26-27 million in sales for the full-year 2003.

BioGlue is now approved in 48 countries and achieved 48% growth internationally to \$1.7 million in the third quarter of 2003 compared to \$1.1 million in the same period last year. "International BioGlue sales growth was driven by the success of the UK direct sales team, strong distribution support throughout Europe, increased usage of BioGlue in the core applications of cardiac and large vessel vascular surgery, and expanded usage in neuro, pulmonary and general surgery," stated Steven G. Anderson, CryoLife President and CEO.

Tissue processing revenues were \$8.1 million(1) in the third quarter of 2003 compared to \$11.3 million in the third quarter of 2002. Cardiac tissue processing revenues were \$4.5 million in the third quarter of 2003 compared to \$5.5 million in the third quarter of 2002. Vascular tissue processing revenues were \$3.1 million in the third quarter 2003 compared to \$3.3 million in the third quarter of 2002. The Company is processing boned and non-boned orthopaedic tissue and distributing non-boned orthopaedic tissue. Tissue revenues were affected in the third quarter 2003 by limited availability of processed tissue, the discontinuance of the processing and distribution of decellurized, SynerGraft ("SG") processed tissues, and discontinued labeling of its vascular tissue for use as arteriovenous access grafts.

Procurement of cardiac and vascular tissue continues to increase. Procurement of vascular tissues increased 12% and cardiac tissues increased 4% in the third quarter of 2003 compared to the second quarter of 2003.

CryoLife filed its application for accreditation with the American Association of Tissue Banks (AATB) on October 13, 2003. The AATB is a scientific, not-for-profit, peer group organization founded in 1976. Its mission is to facilitate the provision of high quality transplantable human tissue in quantities sufficient to meet national needs.

On November 3, 2003 CryoLife submitted a 510k premarket notification to the FDA for decellurized, SG processed heart valves. The Company is currently processing vascular and cardio vascular tissues without the decellurized, SG process.

Regarding insurance coverage, CryoLife recently announced that the Company and an insurer have mutually agreed to resolve their coverage dispute on a \$10 million products liability policy previously issued to CryoLife, representing the last layer of insurance in place for the 2002-2003 insurance policy year. The full amount of this policy will be placed in escrow for CryoLife to use, together with other funds provided by the Company and another insurer, for the purpose of defending and resolving certain products liability litigation. Since August 5, 2003, the Company has resolved, or reached agreements in principle to resolve, 15 product liability matters.

Full year 2003 total revenues for the Company are projected to be approximately \$60 million. CryoLife made a payment of \$4.5 million paying off the balance of a term loan in August 2003. As of September 30, 2003 the Company had approximately \$8.2 million in cash and cash equivalents, and approximately \$9.7 million in marketable securities, for a total of \$17.9 million. The Company expects to receive a tax refund of approximately \$2.4 million in the first half of 2004 related to tax losses incurred in 2003.

Founded in 1984, CryoLife, Inc. is a leader in the processing and distribution of implantable living human tissues for use in cardiovascular and vascular

surgeries throughout the United States and Canada. The Company's BioGlue(R) Surgical Adhesive is FDA approved as an adjunct to sutures and staples for use in adult patients in open surgical repair of large vessels and is CE marked in the European Community and approved in Canada for use in soft tissue repair and approved in Australia for use in vascular and pulmonary sealing and repair. The Company also manufactures the SynerGraft(R) Vascular Graft, which is CE marked for distribution within the European Community.

Statements made in this press release that look forward in time or that express management's beliefs, expectations or hopes are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These future events may not occur as and when expected, if at all, and, together with the Company's business, are subject to various risks and uncertainties. These risks and uncertainties include that revenues may not meet expectations, that demand for CryoLife preserved tissues may not return to prior levels, the possibility that the FDA could impose additional restrictions on the Company's distribution of tissues, require a recall, or prevent the Company from distributing tissues, as could occur if the Company is unable to satisfactorily address the concerns raised in the FDA's most recent Form 483s, that the Company's 510k application for SG processed heart valves may require significant time and expense and may not be cleared on a timely basis or at all, that FDA regulation of the Company's CryoValve SG and CryoVein SG may require significant time and expense, that the Company may not have sufficient borrowing or other capital availability to fund its business, that present and future litigation may be resolved only by substantial payments by the Company in excess of available insurance coverage and amounts to be set aside for products liability cases by CryoLife since the outcomes of products liability securities class action, and derivative cases are inherently uncertain, that pending litigation cannot be settled on terms acceptable to the Company, that the Company may not have sufficient resources to pay punitive damages which are not covered by insurance or liabilities in excess of available insurance, that the company may not receive all or a portion of the expected tax refunds, the possibility of severe decreases in the Company's revenues and working capital, that to the extent the Company does not have sufficient resources to pay the existing and future claims against it, it may be forced to cease operations or to obtain protection under applicable bankruptcy or insolvency laws, changes in laws and governmental regulations applicable to CryoLife and other risk factors detailed in CryoLife's Securities and Exchange Commission filings, including CryoLife's Form 10-K filing for the year ended December 31, 2002, and the Company's other SEC filings. The Company does not undertake to update its forward-looking statements.

- (1) For the three months ended Sept. 30, 2003, vascular revenues as reported include a \$41,000 favorable adjustment, orthopaedic revenues as reported include a favorable adjustment of \$18,000 and cardiac revenues as reported include a \$7,000 unfavorable adjustment. These adjustments were due to a difference in actual tissue returns compared to earlier estimates.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Revenues:				
Human tissue				
preservation services	\$8,097	\$11,300	\$25,842	\$49,074
Products	6,831	5,354	20,362	15,892
Distribution and grant	169	235	526	658
Total revenues	15,097	16,889	46,730	65,624
Costs and expenses:				
Human tissue				
preservation services	7,481	27,978	15,084	53,244
Products	1,782	4,739	5,429	8,817
General, administrative, and marketing	10,575	11,193	45,706	32,118
Research and development	823	1,347	2,828	3,696
Goodwill impairment	--	1,399	--	1,399
Interest expense	87	155	366	543
Interest income	(101)	(188)	(348)	(725)
Other (income) expense, net	(94)	35	46	(37)
Total costs and expenses	20,553	46,658	69,111	99,055
Loss before income taxes	(5,456)	(29,769)	(22,381)	(33,431)
Income tax (benefit) expense	(761)	(10,123)	2,669	(11,367)
Net loss	\$(4,695)	\$(19,646)	\$(25,050)	\$(22,064)

Net loss per share:				
Basic	\$ (0.24)	\$ (1.01)	\$ (1.27)	\$ (1.14)
Diluted	\$ (0.24)	\$ (1.01)	\$ (1.27)	\$ (1.14)
Weighted average shares outstanding:				
Basic	19,701	19,526	19,669	19,388
Diluted	19,701	19,526	19,669	19,388
Revenues from:				
Cardiovascular	\$4,547	\$5,487	\$14,308	\$ 20,131
Vascular	3,083	3,260	10,637	14,918
Orthopaedic	467	2,553	897	14,025
Total cryopreservation	8,097	11,300	25,842	49,074
BioGlue	6,694	5,183	20,027	15,308
Implantable medical devices	137	171	335	584
Distribution and grant	169	235	526	658
Total revenues	\$15,097	\$16,889	\$46,730	\$65,624
International revenues	\$1,951	\$1,565	\$5,508	\$5,155
Domestic revenues	13,146	15,324	41,222	60,469
Total revenues	\$15,097	\$16,889	\$46,730	\$65,624

CRYOLIFE, INC.
Financial Highlights
(In thousands)

	Unaudited September 30, 2003	Audited December 31, 2002
Cash and cash equivalents and marketable securities, at market	\$17,882	\$24,860
Trade receivables, net	7,336	6,930
Other receivables, net	3,360	11,824
Deferred preservation costs, net	9,666	4,332
Inventories	4,935	4,585
Total assets	86,523	106,414
Shareholders' equity	55,319	79,800

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

	Restated Three and Six Months Ended		Originally Reported Three and Six Months Ended	
	June 30, 2003	June 30, 2003	June 30, 2003	June 30, 2003
Revenues:				
Human tissue preservation services	\$8,615	\$17,745	\$8,615	\$17,745
Products	6,932	13,531	6,932	13,531
Distribution and grant	166	357	166	357
Total revenues	15,713	31,633	15,713	31,633
Costs and expenses:				
Human tissue				

preservation services	5,160	7,603	5,160	7,603
Products	2,006	3,647	2,006	3,647
General, administrative, and marketing	23,539	35,131	23,539	35,131
Research and development	1,088	2,005	1,088	2,005
Interest expense	147	279	147	279
Interest income	(116)	(247)	(116)	(247)
Other expense, net	166	140	166	140
Total costs and expenses	31,990	48,558	31,990	48,558
Loss before income taxes	(16,277)	(16,925)	(16,277)	(16,925)
Income tax expense	3,644	3,430	6,069	5,855
Net loss	\$(19,921)	\$(20,355)	\$(22,346)	\$(22,780)
Net loss per share:				
Basic	\$(1.01)	\$(1.04)	\$(1.14)	\$(1.16)
Diluted	\$(1.01)	\$(1.04)	\$(1.14)	\$(1.16)
Weighted average shares outstanding:				
Basic	19,675	19,654	19,675	19,654
Diluted	19,675	19,654	19,675	19,654
Revenues from:				
Cardiovascular	\$5,036	\$9,761	\$5,036	\$9,761
Vascular	3,299	7,554	3,299	7,554
Orthopaedic	280	430	280	430
Total cryopreservation	8,615	17,745	8,615	17,745
BioGlue	6,839	13,333	6,839	13,333
Implantable medical devices	93	198	93	198
Distribution and grant	166	357	166	357
Total revenues	\$15,713	\$31,633	\$15,713	\$31,633
International revenues	\$1,847	\$3,557	\$1,847	\$3,557
Domestic revenues	13,866	28,076	13,866	28,076
Total revenues	\$15,713	\$31,633	\$15,713	\$31,633

CRYOLIFE, INC.
Financial Highlights
(In thousands)

	Unaudited June 30, 2003 Restated	Unaudited June 30, 2003 Originally Reported
Cash and cash equivalents and marketable securities, at market	\$25,908	\$25,908
Trade receivables, net	8,260	8,260
Other receivables, net	1,196	616
Deferred preservation costs, net	9,559	9,559
Inventories	4,535	4,535
Total assets	96,861	95,006
Shareholders' equity	59,875	57,450

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

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