Signed Defense Bill Provides 2007 Funding for Protein Hydrogel Development

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ATLANTA, Oct 18, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- CryoLife, Inc., (NYSE: CRY) a biomaterials and biosurgical device company, today announced that President George W. Bush has signed into law a Department of Defense (DoD) Appropriations Bill that includes $1 million for the continued development of protein hydrogel for the battlefield trauma program in fiscal year 2007. CryoLife's BioFoam(TM), now in preclinical studies, is included in this product category, making CryoLife eligible to apply for funding under this bill.

"This is the third consecutive year that DoD funds have been allocated for the development of protein hydrogel products," said Steven G. Anderson, CryoLife President and Chief Executive Officer. "Clearly, the Congress recognizes the potential benefit of protein hydrogel products in the battlefield. We intend to apply for this funding to support development of our BioFoam product and are optimistic regarding our chances of receiving funding. In addition, we appreciate the continued support of the Georgia congressional delegation which has worked so diligently to ensure that funding is available to support protein hydrogel development."

BioFoam, a protein hydrogel adhesive under development by CryoLife, contains an expansion agent that rapidly fills and seals open wounds. It is easily applied and could potentially be used intraoperatively to control internal organ hemorrhage, limit blood loss, reduce the need for future operations, and improve outcomes in both penetrating and blunt abdominal injury. BioFoam is based on the same technology as BioGlue(R), a CryoLife product approved by the U. S. Food and Drug Administration to control bleeding as an adjunct to sutures and staples in open surgical repair of large vessels. BioGlue is also CE marked in the European Community and approved in Canada for use in soft tissue repair and in Australia for use in vascular and pulmonary sealing and repair.

CryoLife applied for and was awarded the approximately $900,000 allocated in 2005. CryoLife has used a portion of this award to advance the development of BioFoam, which is now being studied in animals. CryoLife has applied for funding under the 2006 Defense Appropriations Bill, which included $2.27 million for protein hydrogel development.

About CryoLife, Inc.

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 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 SG Model 100 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 the Company may not receive all or any funds allocated under the DoD Appropriation, that BioFoam may not prove safe or effective for its intended uses, that BioFoam development may not result in a commercial product, that the Company's efforts to continue to increase revenue may not be effective, since their effectiveness is subject to such factors as competitive pressures and tissue availability, that the Company's efforts to develop and introduce new products outside the U.S. may be unsuccessful, that the Company's efforts to improve procurement and tissue processing yields may not continue to prove effective, the possibility that the FDA could impose additional restrictions on the Company's operations, require a recall, or prevent the Company from processing and distributing tissues or manufacturing and distributing other products, that products and services under development, including BioDisc, may not be commercially feasible, the Company's SynerGraft products may not receive FDA approval when anticipated or at all, that the Company may not have sufficient borrowing or other capital availability to fund its business, 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 other liabilities in excess of available insurance, the possibility of decreases in the Company's working capital if cash flow does not improve, that to the extent the Company does not have sufficient resources to pay the claims against it, it may be forced to cease operations or seek protection under applicable bankruptcy laws, changes in laws and regulations applicable to CryoLife, efforts by existing stockholders or others to gain influence or control over CryoLife may divert management's attention from the Company's operational recovery or otherwise be detrimental to the interests of the other stockholders, existing or other potential litigation initiated by stockholders or others; possible litigation by CryoLife if stockholders or others make proposals or statements which CryoLife does not believe to be fair or accurate or in the best interests of its other shareholders 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, 2005, its most recent Form 10-Q, and the Company's other SEC filings. The Company does not undertake to update its forward- looking statements.

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

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