



## CryoLife Files for Preliminary Injunction Against Medafor

March 30, 2010

### CryoLife Believes Attempt to Terminate Distribution Agreement Is Improper

ATLANTA, March 30, 2010 /PRNewswire via COMTEX/ --CryoLife, Inc. (NYSE: CRY), an implantable biological medical device and cardiovascular tissue processing company, announced today that it filed an emergency motion for a preliminary injunction against Medafor, Inc. in the United States District Court for the Northern District of Georgia, Atlanta division. CryoLife contends that Medafor is improperly attempting to terminate the exclusive distribution agreement ("EDA") between the parties, and CryoLife has requested that the Court enjoin Medafor from proceeding with the termination.

CryoLife believes that Medafor's attempt to terminate the EDA is wrongful for several reasons. Primarily, Medafor ignored the fact that the parties contracted away any right to apply the adequate assurances statute that Medafor is now invoking to attempt to terminate the EDA. Even if the statute applied, CryoLife believes Medafor failed to meet the statutory prerequisites for termination, for numerous reasons, including those described below.

Specifically, the statute is only available to a party with a reasonable basis for insecurity regarding the other party's future performance, and CryoLife's adherence to the contract has never been in legitimate doubt. The statute requires that any assurances demanded by a party with an insecurity be reasonable. CryoLife believes that Medafor's requested assurances were not reasonable and in fact were designed to be overreaching and abusive. Perhaps most importantly, the statute demands that the party invoking it do so in absolute good faith, and CryoLife believes Medafor's invocation of the statute was made in bad faith, as a pretextual scheme to get out of a contract that Medafor found itself unable and unwilling to honor.

The statute is also not available to a party who itself is in breach of its obligations. CryoLife is aware of numerous breaches by Medafor of the EDA, including: promoting and marketing product on its website for use in CryoLife's exclusive Field in violation of the EDA; failing to prevent its Brazilian distributor from marketing and promoting the product on its website; failing to respond to notice letters of prohibited conduct in 17 instances, along with failing to respond to many of the allegations contained in the complaint filed against it by CryoLife; failing to respond to CryoLife's notice letters regarding Medafor's breaches of conduct in Spain; and refusing to protect the intellectual property rights of Medafor's MPH technology in accordance with the terms of the EDA.

Steven G. Anderson, CryoLife's chairman, president and chief executive officer, commented, "CryoLife has assiduously followed the terms of the EDA and has repeatedly communicated to Medafor its intention to continue to honor the terms of the EDA. We believe that Medafor's request for assurances was not made in good faith and that it was simply a pretext to terminate a contract that they cannot consistently comply with, as evidenced by their repeated breaches. Unfortunately, in attempting to repudiate the EDA, we believe Medafor has put itself and its shareholders at great risk. Should this gambit fail, Medafor has exposed itself to significant damages in addition to the damages arising under the complaint previously filed by CryoLife and the substantial litigation costs this process will accrue."

In the event an injunction is not granted, however, CryoLife will pursue its rights with respect to the EDA vigorously, including claims, for among other things, breach of contract, fraud and negligent misrepresentation and violation of the Georgia RICO provisions, and CryoLife will consider all avenues open to it to protect its interests and those of its shareholders and recover appropriate compensation from Medafor for its reckless actions.

CryoLife believes that it currently has enough inventory, with or without the fulfillment of the March 16, 2010 purchase order that was disputed by Medafor, to meet its business needs through the end of May 2010. CryoLife is optimistic that the court will rule on its motion for preliminary injunction prior to that time.

Shareholders may continue to visit [www.cryolife.com/medaforoffer](http://www.cryolife.com/medaforoffer) for additional information about CryoLife and its relationship with Medafor. Additional detail regarding the litigation between CryoLife and Medafor is also available in CryoLife's filings with the Securities and Exchange Commission.

#### About CryoLife, Inc.

Founded in 1984, CryoLife, Inc. is a leader in the processing and distribution of implantable living human tissues for use in cardiac and vascular surgeries throughout the U.S. and Canada. The Company's CryoValve(R) SG pulmonary heart valve, processed using CryoLife's proprietary SynerGraft(R) technology, has FDA 510(k) clearance for the replacement of diseased, damaged, malformed, or malfunctioning native or prosthetic pulmonary valves. The Company's CryoPatch(R) SG pulmonary cardiac patch has FDA 510(k) clearance for the repair or reconstruction of the right ventricular outflow tract (RVOT), which is a surgery commonly performed in children with congenital heart defects, such as Tetralogy of Fallot, Truncus Arteriosus, and Pulmonary Atresia. CryoPatch SG is distributed in three anatomic configurations: pulmonary hemi-artery, pulmonary trunk, and pulmonary branch. 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. BioGlue is also CE marked in the European Community and approved in Canada and Australia for use in soft tissue repair. The Company's BioFoam(TM) Surgical Matrix is CE marked in the European Community for use as an adjunct in the sealing of abdominal parenchymal tissues (liver and spleen) when cessation of bleeding by ligature or other conventional methods is ineffective or impractical. BIOGLUE *Aesthetic*(R) Medical Adhesive is CE marked in the European Community for periosteal fixation following endoscopic browplasty (brow lift) in reconstructive plastic surgery and is distributed by a third party for this indication. CryoLife distributes HemoStase(R), a hemostatic agent, in much of the U.S. for use in cardiac and vascular surgery and in many international markets for cardiac, vascular, and general surgery, subject to certain exclusions.

*Except for the historical information contained in this press release, the statements made by CryoLife are forward-looking statements that involve risks and uncertainties. All such statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. These statements include CryoLife's plans with respect to future litigation and pursuit of its rights, CryoLife's belief that it currently has enough inventory to meet its business needs through the end of May 2010, and CryoLife's optimism that the court will rule on its motion for preliminary injunction prior to the end of*

*May 2010. These statements are subject to a number of risks that are outside CryoLife's control, including the risk that future events and actions by other parties may impact plans regarding any litigation with Medafor to enforce our rights under the EDA, including actions taken by Medafor's Board of Directors and management, the sufficiency of CryoLife's inventory through May 2010 will be impacted by future sales, and the timing of the court's ruling on CryoLife's motion for preliminary injunction is subject to the court's docket and the discretion of the judge. CryoLife's business is also subject to a number of risks and uncertainties, including those risk factors detailed in our Securities and Exchange Commission filings, including our Form 10-K filing for the year ended December 31, 2009. 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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