
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): OCTOBER 25, 2004

CRYOLIFE, INC.
(Exact name of registrant as specified in its charter)

FLORIDA
(State or Other Jurisdiction
of Incorporation)

1-13165
(Commission File Number)

59-2417093
(IRS Employer
Identification No.)

1655 ROBERTS BOULEVARD N.W., KENNESAW, GA 30144
(Address of principal executive office) (zip code)

Registrant's telephone number, including area code: (770) 419-3355

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 1. REGISTRANT'S BUSINESS AND OPERATIONS

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On Monday, October 25, 2004, CryoLife, Inc. (the "Company") agreed to a binding settlement of three lawsuits (two of which were consolidated) pending in the Multnomah Circuit Court in Oregon. All of the plaintiffs, Donald Payne, Candace Payne, L.L.R., W.C.R and Anthony F. Spadaro, are party to the settlement agreement, which addresses the claims between the Company and the plaintiffs. The other defendants named in the lawsuits have also settled with the plaintiffs, and when the settlement agreement is closed, all of the claims currently pending in the lawsuits are to be dismissed. This settlement agreement does not purport to settle any claims among the Company and the other defendants. Neither the Company nor any of its affiliates have any other material relationship with the plaintiffs.

Under the agreement, CryoLife is obligated to pay \$3.0 million on or before

November 5, 2004. The agreement provides for the court to automatically dismiss the plaintiffs' claims against the Company 91 days following payment of the settlement amount.

Exhibit 99.1 to this Form 8-K is incorporated herein by reference.

SECTION 2. FINANCIAL INFORMATION

ITEM 2.02 RESULTS OF OPERATIONS OR FINANCIAL CONDITION

On October 29, 2004, the Company announced that it had settled the lawsuits described in Item 1.01 above as well as one other lawsuit and two claims, and discussed the impact of the settlement on its general, administrative and marketing expenses for the three month period ended September 30, 2004, and its liquidity. A copy of the press release is included as an exhibit to this Form 8-K.

SECTION 9. FINANCIAL STATEMENTS AND EXHIBITS

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial Statements of Businesses Acquired.

Not applicable.

- (b) Pro Forma Financial Information.

Not applicable.

- (c) Exhibits.

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Exhibit Number -----	Description -----
99.1*	Press Release dated October 29, 2004

*This exhibit is filed, not furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, CryoLife, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CRYOLIFE, INC.

Date: October 29, 2004

By: /s/ D. Ashley Lee

D. Ashley Lee
Vice President, Chief Financial Officer
and Treasurer

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[CRYOLIFE LOGO]

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: JOSEPH T. SCHEPERS
VICE PRESIDENT, CORPORATE COMMUNICATIONS
(770) 419-3355

CRYOLIFE REPORTS SETTLEMENT OF CASES

ATLANTA... (OCTOBER 29, 2004)... CryoLife, Inc. (NYSE: CRY), a biomaterials and biosurgical device company, today reported that on Monday, October 25, 2004, it agreed to a binding settlement of three general liability lawsuits pending in the Multnomah Circuit Court in Oregon. Additionally, the Company settled one product liability case and two product liability claims since June 30, 2004. As a result of these settlements and the evaluation of all other outstanding litigation and claims at September 30, 2004, the Company has recorded a net increase of \$2.4 million to its legal liability reserves for asserted product liability and similar claims. This amount will be reflected in the Company's general, administrative and marketing expenses for the three months ended September 30, 2004.

The Company had cash and cash equivalents of \$11.4 million and marketable securities of \$3.8 million at September 30, 2004. The settlements discussed above require the Company to pay approximately \$3.3 million in the fourth quarter of 2004. These claims were uninsured.

The Company will hold a teleconference call and live web cast at 11:15 a.m. Eastern Standard Time, Thursday, November 4, 2004, to discuss third quarter 2004 results, followed by a question and answer session hosted by Steven G. Anderson, CryoLife President and Chief Executive Officer.

To listen to the live teleconference, please dial 973-582-2749 a few minutes prior to 11:15 a.m. No identification number is required. A replay of the teleconference will be available November 4 through November 10, and can be accessed by calling (toll free) 877-519-4471 or 973-341-3080. The identification number for the replay is 5284237. The live webcast can be accessed by going to the Investor Relations section of the CryoLife website at WWW.CRYOLIFE.COM.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this report 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, including those regarding the payment of the settlement amount and its effect on the Company and its financial statements. 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's 2004 revenues and expenses may not meet its expectations, that the Company's 2004 BioGlue revenues may not meet its expectations, that the demand for CryoLife preserved tissues may not return to prior levels, that the Company's general administrative and marketing expenses may not meet expectations due to higher than expected costs of resolving existing and future litigation, 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 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 severe decreases in the Company's revenues and working capital, 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 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, 2003, and the Company's other SEC filings. The Company does not undertake to update its forward-looking statements.