
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): FEBRUARY 21, 2006

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

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (770) 419-3355

(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))
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SECTION 1. REGISTRANT'S BUSINESS AND OPERATIONS

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

THE COMPANY'S COMPENSATION COMMITTEE APPROVES GRANT OF CERTAIN OPTIONS AND RESTRICTED STOCK AWARDS.

On February 21, 2006, CryoLife's Compensation Committee, composed entirely of independent directors, approved the grant of stock options and restricted stock awards to certain employees, including executive officers.

The following individuals, including those who were named in the Company's most recent proxy statement as the most highly paid officers in 2004, received grants of stock options and stock:

	Stock Options	Restricted stock
	-----	-----
Steven G. Anderson	68,500	11,500
David Ashley Lee	43,000	7,000
Albert E. Heacox, Ph.D.	25,750	4,250
Gerald Seery	21,500	3,500
David M. Fronk	17,200	2,800
Other employees	90,500	5,000
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Total	266,450	34,050
	=====	=====

The stock options and restricted stock were granted under the 2004 Employee Stock Incentive Plan (the "Plan"). A copy of the Plan was filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004. The offer and sale of shares under the Plan were registered under the Company's Registration Statement on Form S-8 filed on September 21, 2004 (File No. 333-119137).

In addition to the other terms and conditions of the Plan, the stock options have the following principal terms:

- o Exercise price of \$4.25 per share, based on the closing price for the Company's Common Stock on the New York Stock Exchange on February 21, 2006.
- o Vesting at 20% per year beginning on the first anniversary of the grant date.
- o Expiration date of August 21, 2011.

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The restricted stock awards vested immediately.

Copies of the forms of restricted stock award agreement and option agreement are filed as Exhibits 10.1 and 10.2 hereto, respectively, and incorporated herein by reference.

SECTION 8 OTHER EVENTS.
ITEM 8.01 OTHER EVENTS.

Please see the disclosure set forth under Item 1.01, which is incorporated by reference into this Item 8.01.

SECTION 9 FINANCIAL STATEMENTS AND EXHIBITS.
ITEM 9.01(C) EXHIBITS.

- (a) Financial Statements.
Not applicable.
- (b) Pro Forma Financial Information.
Not applicable.
- (c) Shell Company Transactions.
Not applicable.
- (d) Exhibits.

Exhibit Number	Description
10.1	Form of Restricted Stock Award Agreement.
10.2	Form of Section 16 Officer Stock Option Agreement.

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: February 27, 2006

By: /s/ D. Ashley Lee

Name: D. Ashley Lee
Title: Executive Vice President, Chief
Operating Officer and Chief
Financial Officer

YOUR NAME: _____

CRYOLIFE RESTRICTED STOCK AWARD AGREEMENT

CRYOLIFE, INC. ("CryoLife") is pleased to grant you the restricted stock award described below ("Stock Award"). This grant is made subject to the further terms and conditions set forth in this Agreement and the terms of the CryoLife, Inc. 2004 Employee Stock Incentive Plan (the "Plan").

GRANT DATE: _____

MARKET PRICE ON GRANT DATE: \$ _____ PER SHARE

TOTAL NUMBER OF SHARES OF STOCK AWARD: _____

VESTING DATE: _____

Additional Terms and Conditions describes withholding of taxes on your award, transferability of your award, what happens if you cease to be employed by CryoLife before your Stock Award vests, where to send notices and other matters.

The Plan contains the detailed terms that govern your Stock Award. If anything in this Agreement or the other attachments is inconsistent with the Plan, the terms of the Plan, as amended from time to time, will control.

The Plan Prospectus Document covering the Stock Award contains important information, including federal income tax consequences.

2005 Annual Report of CryoLife Form 10-K (not attached if you previously received the 2005 Annual Report).

PLEASE SIGN BELOW TO SHOW THAT YOU ACCEPT THIS STOCK AWARD AFTER REVIEW OF THE ABOVE DOCUMENTS. KEEP A COPY AND RETURN BOTH ORIGINALS TO SUZANNE K. GABBERT.

CRYOLIFE, INC. GRANTEE:

By: _____

Name: _____ Print Your Name: _____

Its: _____ Social Security Number: _____

Date: _____ Your Residential Address: _____

Date: _____

ADDITIONAL TERMS AND CONDITIONS OF YOUR RESTRICTED STOCK AWARD

EFFECT OF TERMINATION OF EMPLOYMENT. You must be employed by CryoLife or one of its Subsidiaries or Affiliates on the applicable vesting date to be entitled to the vesting of your Stock Award on such date. If you cease to be employed by any of CryoLife, its Subsidiaries or Affiliates for any reason, (including, without limitation, by reason of death, disability or retirement), then the portion of your Stock Award which has not vested as of the date of termination of employment shall automatically be forfeited and cancelled as of the date of such termination of employment.

STOCK AWARD SHARE CERTIFICATES. Certificates representing the shares of Common Stock to be issued pursuant to the Stock Award shall be issued in your name and shall be held by CryoLife until the Stock Award is vested or forfeited as provided herein. Upon vesting of your Stock Award, CryoLife shall promptly deliver to you a certificate or certificates representing the shares as to which the Stock Award has vested free of the restrictions described in the following section.

RIGHTS WITH RESPECT TO STOCK AWARD PRIOR TO VESTING. You may not transfer your Stock Award or the shares to be issued hereunder prior to vesting. Once this Stock Award vests, you will receive transferable certificates representing the vested portion. Prior to vesting, you are entitled to all other rights as a shareholder with respect to the shares underlying the Stock Award, including the right to vote such shares and to receive dividends and other distributions, if any, payable with respect to such shares after the Grant Date.

WITHHOLDING. Whenever CryoLife proposes, or is required, to distribute shares to you or pay you dividends with respect to the unvested portion of your Stock Award, CryoLife may either: (a) require you to pay to CryoLife an amount sufficient to satisfy any local, state, Federal and foreign income tax, employment tax and insurance withholding requirements prior to the delivery of any payment or Stock certificate owing to you pursuant to the Stock Award; or, in its discretion, (b) reduce the number of shares to be delivered to you by that number of shares of the Stock Award sufficient to satisfy all or a portion of such tax withholding requirements, based on the fair market value of the Stock Award as determined under the Plan.

NOTICES. All notices delivered pursuant to this Agreement shall be in writing and shall be (i) delivered by hand, (ii) mailed by United States certified mail, return receipt requested, postage prepaid, or (iii) sent by an internationally recognized courier which maintains evidence of delivery and receipt. All notices or other communications shall be directed to the following addresses (or to such other addresses as such parties may designate by notice to the other parties):

To CryoLife: CryoLife, Inc.
1655 Roberts Blvd., NW
Kennesaw, GA 30144
Attention: Suzanne K. Gabbert

To you: The address set forth in the Agreement

MISCELLANEOUS. Failure by you or CryoLife at any time or times to require performance by the other of any provisions in your Restricted Stock Award Agreement ("Agreement") will not affect the right to enforce those provisions. Any waiver by you or CryoLife of any condition or of any breach of any term or provision in this Agreement, whether by conduct or otherwise, in any one or more instances, shall apply only to that instance and will not be deemed to waive

conditions or breaches in the future. If any court of competent jurisdiction holds that any term or provision of this Agreement is invalid or unenforceable, the remaining terms and provisions will continue in full force and effect, and this Agreement shall be deemed to be amended automatically to exclude the offending provision. This Agreement may be executed in multiple copies and each executed copy shall be an original of this Agreement. This Agreement shall be subject to and governed by the laws of the State of Georgia. No change or modification of this Agreement shall be valid unless it is in writing and signed by the party against which enforcement is sought, except where specifically provided to the contrary herein. This Agreement shall be binding upon, and inure to the benefit of, the permitted successors, assigns, heirs, executors and legal representatives of the parties hereto. The headings of each section of this Agreement are for convenience only. This Agreement, together with the Plan, contains the entire Agreement of the parties hereto, and no representation, inducement, promise, or agreement or other similar understanding between the parties not embodied herein shall be of any force or effect, and no party will be liable or bound in any manner for any warranty, representation, or covenant except as specifically set forth herein or in the Plan.

CRYOLIFE, INC.
 1655 ROBERTS BOULEVARD N.W.
 KENNESAW, GEORGIA 30144

[DATE]

Re: GRANT OF INCENTIVE STOCK OPTION

Dear _____:

This letter sets forth the agreement (the "Agreement") between you and CryoLife, Inc., a Florida corporation (the "Company"), regarding your option to acquire shares of the Company's Common Stock.

1. Grant of Option. Subject to the terms set forth below, the Company hereby grants to Employee the right, privilege, and option to purchase up to _____ shares (of Common Stock the "Option Shares") at the purchase price of \$_____ per share. The date of grant ("Grant Date") of the option is [Date]. This option is intended to be and shall be treated as an "Incentive Stock Option", as that term is defined in Section 422 of the Internal Revenue Code of 1986, as amended ("Section 422"). Provided, however, that to the extent that the option fails for any reason to comply with the provisions of Section 422, it shall be treated as a "Non-Qualified Stock Option" (as defined in the Plan). The Company shall have no liability whatsoever to Employee in the event the option fails for any reason to satisfy the requirements for Incentive Stock Options set forth in Section 422. This option is granted pursuant to the CryoLife, Inc. 2004 Employee Stock Incentive Plan (the "Plan").

2. Time of Exercise of Option. Prior to its termination as set forth in Section 5 below, this option shall vest, and the Employee may exercise the option granted herein on the following dates, or thereafter provided the option is exercised prior to its termination:

Exercise Date	Number of Option Shares Exercisable	Cumulative Percentage of Option Shares Exercisable
First Anniversary of Grant Date (2/21/07)	_____ shares	20 Percent
Second Anniversary of Grant Date (2/21/08)	_____ shares	40 Percent
Third Anniversary of Grant Date (2/21/09)	_____ shares	60 Percent
Fourth Anniversary of Grant Date (2/21/10)	_____ shares	80 Percent
Fifth Anniversary of Grant Date (2/21/11)	_____ shares	100 Percent

3. Method of Exercise. The option shall be exercised by written notice directed to the Compensation Committee (the "Committee"), at the Company's principal executive office, and except as set forth below, must be accompanied by payment of the option price for the number of Option Shares purchased in accordance with the Plan's requirements. The payment for the number of Option Shares purchased may be payable in cash or by tendering (by actual delivery of shares) shares of the Company's common stock in accordance with the Plan. To the extent permitted by applicable law, you may elect to pay for the number of Option Shares purchased by irrevocably authorizing a third party to sell shares of the Company's common stock acquired upon exercise of the Option Shares and remitting to the Company a sufficient portion of the sale proceeds as payment of the entire option price for the number of Option Shares purchased, including any

tax withholding resulting from such exercise. The Company shall make delivery of such shares in accordance with the Plan provided that if any law or regulation requires the Company to take any action with respect to the shares specified in such notice before the issuance thereof, then the date of delivery of such shares shall be extended for the period necessary to take such action.

4. The Plan. The Company's 2004 Employee Stock Incentive Plan, as amended from time to time by the Board of Directors of the Company, is hereby incorporated in this Agreement and to the extent that anything in this Agreement is inconsistent with the Plan, the terms of the Plan shall control. Employee acknowledges that the Company has provided a copy of the Plan to Employee.

5. Termination of Option. Except as herein otherwise stated, the option, to the extent not previously exercised, shall terminate in accordance with the Plan and upon the first to occur of the following events:

(a) Disability. The expiration of 36 months after the date on which Employee's employment by the Company is terminated, if such termination be by reason of Employee's permanent and total disability, provided, however, that (i) the option shall be exercisable only to the extent that Employee had the right to exercise the option at the time of termination and (ii) if the Employee dies within such 36 month period, any unexercised option held by such Employee shall thereafter be exercisable in accordance with the provisions of and shall terminate upon the first to occur of the events described in Sections 5(b) and (d);

(b) Death. In the event of Employee's death while in the employ of the Company, the expiration of 12 months following the date of his or her death, provided that the option shall be exercisable following the Employee's death only to the extent that Employee had the right to exercise the option at the time of his or her death.

(c) Retirement. In the event Employee's employment with the Company terminates by reason of normal or early retirement, any option held by such Employee may be exercised by the Employee for a period of 36 months from the date of such termination; provided, however, that if the Employee dies within such 36 month period any unexercised option held by Employee shall thereafter be exercisable in accordance with the provisions of and shall terminate upon the first to occur of the events described in Section 5(b) and (d); or

(d) Other. Upon the earlier to occur of (i) 66 months following the Grant Date, or (ii) upon termination of Employee's employment by the Company (except if such termination be by reason of death, disability, or normal or early retirement). It is in Compensation Committee's sole discretion to determine whether the Employee's employment with the Company terminates by reason of disability, normal or early retirement.

Except as set forth above, the option may not be exercised unless Employee, at the time he or she exercises the option, is, and has been at all times since the date of grant of the option, an employee of the Company. Employee shall be deemed to be employed by the Company if he or she is employed by the Company or any of its subsidiaries. Notwithstanding the above, in no event may the option be exercised after 66 months following the Grant Date.

6. Reclassification, Consolidation, or Merger. The number of Option Shares may be adjusted in accordance with the Plan if certain events such as merger, reorganization, consolidation, recapitalization, stock dividends, stock splits, or other changes in the Company's corporate structure affecting its Common Stock occur.

7. Rights Prior to exercise of Option. This Option is not transferrable by Employee, except by will or by the laws of descent and distribution or as otherwise set forth in the Plan, and during Employee's lifetime shall be exercisable only by Employee. This option shall confer no rights to the holder hereof to act as stockholder with respect to any of the Option Shares until payment of the option price and delivery of a share certificate has been made.

8. Employee's Representations and Warranties. By execution of this Agreement, Employee represents and warrants to the Company as follows:

(a) The entire legal and beneficial interest of the option and the Option Shares are for and will be held for the account of the Employee only and neither in whole nor in part for any other person.

(b) Employee resides at the following address:

(c) Employee is familiar with the Company and its plans, operations, and financial condition. Prior to the acceptance of this option, Employee has received all information as he or she deems necessary and appropriate to enable an evaluation of the financial risk inherent in accepting the option and has received satisfactory and complete information concerning the business and financial condition of the Company in response to all inquiries in respect thereof.

9. Restricted Securities. Employee recognizes and understands that this option and the Option Shares are currently registered under the Securities Act of 1933, as amended (the "Act"), but may not remain so registered, and are not registered under any state securities law. Any transfer of the option (if otherwise permitted hereunder, and once exercised, the Option Shares) will not be recognized by the Company unless such transfer is registered under the Act, the Georgia Securities Act of 1973, as amended, (the "Georgia Act") and any other applicable state securities laws or effected pursuant to an exemption from such registration which may then be available. If the Option Shares are not registered, any share certificates representing the Option Shares may be stamped with legends restricting transfer thereof in accordance with the Company's policy with respect to unregistered shares of its Common Stock issued to employees as a result of exercise of options granted under the Plan. The Company may make a notation in its stock transfer records of the aforementioned restrictions on transfers and legends. Employee recognizes and understands that the Option Shares may be restricted securities within the meaning of Rule 144 promulgated under the Act; that the exemption from registration under Rule 144 may not be available under certain circumstances and that Employee's opportunity to utilize such Rule 144 to sell the Option Shares may be limited or denied. The Company shall be under no obligation to maintain or promote a public trading market for the class of shares for which the option is granted or to make provision for adequate information concerning the Company to be available to the public as contemplated under Rule 144. The Company will be under no obligation to recognize any transfer or sale of any Option Shares pursuant to Rule 144 unless the terms and conditions of Rule 144 are complied with by the Employee. By acceptance hereof, Employee agrees that no permitted disposition of any Option Shares shall be made unless and until (i) there is at the time of exercise of the option in effect a registration statement under the Act, or (ii) Employee shall have notified the Company of a proposed Option disposition and shall have furnished to the Company a detailed statement of the circumstances surrounding such disposition, together with an opinion of counsel acceptable in form and substance to the Company that such disposition will not require registration of the shares so disposed under the Act, the Georgia Act, and any applicable state securities laws. The Company shall be under no obligation to permit such transfer or disposition on its stock transfer books unless counsel for the Company shall concur as to such matters. Employee recognizes and understands that if and for so long as Employee is a designated Section 16 officer of the Company, and for up to six months thereafter, any sales of Option Shares will be subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the regulations promulgated thereunder. Employee also recognizes and understands that any sale of the Option Shares will also be subject to Rule 10b-5 promulgated under the Exchange Act. Employee agrees that any disposition of the Option Shares shall be made only in compliance with the Act, the Exchange Act, and the rules and regulations promulgated thereunder.

10. Tax Matters: The Employee hereby agrees to comply with any applicable federal, state, and local income and employment tax requirements which might arise with regard to a disposition of any Option Shares and to inform the Company of any such disposition which occurs prior to the expiration of (i) two years from the date of grant of the option, and (ii) one year from the date of transfer to him of Option Shares. No later than the date as of which an amount first becomes includable in the gross income of the Employee for federal income tax purposes with respect to the exercise of any option under the Plan, Employee shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state, or local taxes of any kind required by law to be withheld with respect to such amount. The obligations of the Company under the Plan are conditional on such payment or arrangements and the Company shall have the right to deduct any such taxes from any payment of any kind otherwise due to Employee.

11. Payment: Except as set forth below, the Option Exercise Price shall be paid in cash in U.S. Dollars at the time the Option is exercised or in shares of

Common Stock of the Company held by the employee for at least six months and having an aggregate value equal to the Option Exercise Price. If the Option

Exercise Price is paid by transfer of shares of Common Stock of the Company then the value of such shares will be the fair market value as of the day the shares are tendered, which is the closing sale price of the Stock on that day on the New York Stock Exchange. The Option Exercise Price may be paid by a combination of cash and Common Stock. Notwithstanding the foregoing, to the extent permitted by applicable law, Employee may elect to pay the Option Exercise Price by authorizing a third party to sell shares of stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Option Exercise Price and any tax withholding resulting from such exercise.

12. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and permissible assigns.

13. Miscellaneous. This Agreement shall be governed by and construed under the laws of the State of Georgia. If any term or provision hereof shall be held invalid or unenforceable, the remaining terms and provisions hereof shall continue in full force and effect. Any modification to this Agreement shall not be effective unless the same shall be in writing and such writing shall be signed by authorized representatives of both of the parties hereto. The terms of paragraphs 8 and 9 hereof shall survive exercise of the option by Employee and shall attach to the Option Shares. The option contained in this letter shall not confer upon Employee any right to continued employment with the Company, nor shall it interfere in any way with the right of the Company to terminate the employment of Employee at any time. This letter can be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

Please signify your acceptance of the option and your agreement to be bound by the terms hereof by promptly signing one of the two original letters provided to you and returning the same to the President of the Company.

Thank you for your good work and service.

Sincerely,

(SEAL)

THE COMPANY:
CRYOLIFE, INC.

Attest:

[NAME], [TITLE]

Suzanne K. Gabbert, Secretary
for the Company

EMPLOYEE:

Social Security #: _____