
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 22, 2006

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

FLORIDA	1-13165	59-2417093
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The information provided pursuant to this Item 2.02 is to be considered "filed" under the Securities and Exchange Act of 1934 ("Exchange Act") and incorporated by reference into those filings of CryoLife, Inc. ("CryoLife") that provide for the incorporation of all reports and documents filed by CryoLife under the Exchange Act.

On February 22, 2006, CryoLife issued a press release announcing its financial results for the quarter ended December 31, 2005 and fiscal year 2005. CryoLife hereby incorporates by reference herein the information set forth in the press release dated February 22, 2006, a copy of which is attached hereto as Exhibit 99.1

Except as otherwise provided in the press release, the press release speaks only as of its the date and shall not create any implication that the affairs of CryoLife have continued unchanged since that date.

Except for the historical information contained in this report, 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. CryoLife's future financial performance could differ significantly from the expectations of management and from results expressed or implied in the press release.

Please refer to the last paragraph of the press release for further discussion about forward-looking statements. For further information on risk factors, please refer to "Risk Factors" contained in CryoLife's Form 10-K for the year ended December 31, 2004, Form S-3 (Registration No. 333-121406), as filed with the Securities and Exchange Commission ("SEC") and any subsequent SEC filings. CryoLife disclaims any obligation or duty to update or modify these forward-looking statements.

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ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

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

Exhibit Number	Description
99.1	Press Release dated February 22, 2006

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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.

Dated: February 22, 2006
CryoLife, Inc.

By: _/s/ D. Ashlee Lee
Name: D. Ashley Lee
Title: Executive Vice President,
Chief Operating Officer and
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release dated February 22, 2006

FOR IMMEDIATE RELEASE

MEDIA CONTACTS:

D. Ashley Lee
Executive Vice President, Chief Financial Officer and
Chief Operating Officer
Phone: 770-419-3355

Katie Brazel
Fleishman Hillard
Phone: 404-739-0150

CRYOLIFE REPORTS FOURTH QUARTER AND FULL YEAR 2005 FINANCIAL RESULTS
FOURTH QUARTER 2005 REVENUES INCREASED 13% OVER FOURTH QUARTER 2004
GROSS MARGINS FOR FULL YEAR 2005 INCREASED TO 53% COMPARED TO 40% IN 2004

ATLANTA, GA... (FEBRUARY 22, 2006)... CRYOLIFE, INC. (NYSE: CRY), a biomaterials and biosurgical device company, announced today that revenues for the fourth quarter of 2005 increased 13% to \$18.0 million compared to \$15.9 million in the fourth quarter of 2004. The net loss in the fourth quarter of 2005 was \$681,000, or \$0.04 per basic common share and \$0.06 per fully diluted common share, compared to a net loss of \$2.4 million, or \$0.10 per basic and fully diluted common share in the fourth quarter of 2004.

Excluding a \$512,000, or \$0.02 per fully diluted common share, non-cash gain for the change in the value of the derivative related to the Company's 6% convertible preferred stock, and a \$558,000, or \$0.02 per fully diluted common share, favorable adjustment to the product liability accrual, the adjusted net loss in the fourth quarter of 2005 was \$1.8 million, or \$0.10 per fully diluted common share.

Revenues for the full year of 2005 increased 11% to \$69.3 million compared to \$62.4 million in 2004. The net loss for the full year of 2005 was \$19.5 million, or \$0.85 per basic and fully diluted common share, compared to a net loss of \$18.7 million, or \$0.81 per basic and fully diluted common share for 2004.

Excluding an \$11.6 million, or \$0.49 per fully diluted common share, charge for settlement of the shareholder class action lawsuit, a \$702,000, or \$0.03 per fully diluted common share, favorable adjustment to the product liability accrual, and a \$851,000, or \$0.04 per fully diluted common share, charge related to post employment benefits, the adjusted net loss for the full year of 2005 was \$7.8 million, or \$0.36 per fully diluted common share. - more -

Steven G. Anderson, President and CEO of CryoLife, Inc., stated, "We are pleased with the Company's top-line performance in the fourth quarter of 2005. We believe that the recent FDA approvals of our 10 milliliter BioGlue(R) syringe applicator and our BioGlue spreader tip, and recent enhancements in our tissue processing operations will serve as catalysts for continued operating improvement during 2006."

BioGlue sales in the fourth quarter of 2005 increased 5% to \$9.6 million compared to \$9.2 million in the same period in 2004. BioGlue sales for the full year of 2005 increased 6% to \$38.0 million compared to \$35.7 million in 2004. U. S. BioGlue sales were \$7.2 million and \$7.1 million in the fourth quarter of 2005 and 2004, respectively, and \$28.7 million and \$27.9 million for the full year of 2005 and 2004, respectively. International BioGlue sales were \$2.4 million and \$2.1 million in the fourth quarter of 2005 and 2004, respectively, and \$9.3 million and \$7.8 million for the full year of 2005 and 2004, respectively.

Tissue processing revenues in the fourth quarter of 2005 increased 26% to \$8.1 million compared to \$6.4 million in the fourth quarter of 2004. Tissue processing revenues for the full year of 2005 increased 18% to \$30.3 million compared to \$25.7 million in 2004. Tissue processing revenues increased primarily due to an increase in tissue procurement and an improvement in processing yields, which resulted in an increased number of allografts available for distribution. The Company continues to experience strong growth in tissue processing revenues during the first quarter of 2006.

Total product and tissue processing gross margins in the fourth quarter of 2005 were 54% compared to 49% in the fourth quarter of 2004. Total product and tissue processing gross margins for the full year of 2005 were 53% compared to 40% for 2004. Tissue processing gross margins in the fourth quarter of 2005 were

21% compared to 6% in the fourth quarter of 2004. Tissue processing gross margins for the full year of 2005 were 20% compared to negative (16%) for 2004. Tissue processing gross margins improved in 2005 compared to 2004, primarily as a result of the improvement in tissue processing yields and price increases.

General, administrative and marketing expenses in the fourth quarter of 2005 were \$10.5 million compared to \$10.7 million in the fourth quarter of 2004. General, administrative and marketing expenses for the full year of 2005 were \$53.2 million compared to \$42.6 million for 2004. General, administrative and marketing expenses for the full year of 2005 include an \$11.6 million charge related to the settlement of securities litigation, \$851,000 related to post employment benefits and a \$702,000 favorable adjustment to the product liability accrual.

R&D expenses were approximately \$1 million and \$1.2 million in the fourth quarters of 2005 and 2004, respectively, and approximately \$3.7 million and \$3.9 million for the full years of 2005 and 2004, respectively.

As of December 31, 2005, the Company had approximately \$12.2 million in cash, cash equivalents, marketable securities (at market), and restricted securities.

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2006 GUIDANCE

The Company reaffirms its revenue guidance from early January 2006. The Company expects tissue processing and product revenues to increase to between \$74.0 and \$77.0 million for the full year 2006. The Company expects BioGlue revenues to be \$39.0 to \$41.0 million and tissue processing revenues to be \$34.0 to \$35.0 million for the full year 2006. Bioprosthetic cardiovascular and vascular device revenues are expected to be approximately \$1.0 million in 2006.

The Company expects an increase in tissue processing gross margins during 2006 as compared to 2005 as a result of tissue processing improvement initiatives implemented during early 2006.

General, administrative and marketing expenses are expected to be \$44.0 to \$48.0 million for the full year of 2006. Research and development expenses are expected to be approximately \$5 to \$6 million for the full year 2006.

The Company adopted SFAS 123 Revised "Share-Based Payment" in the fourth quarter of 2005. The guidance for 2006 includes expenses associated with the adoption of SFAS 123 Revised.

The Company will hold a teleconference call and live webcast at 11:15 a.m. Eastern Time, February 22, 2006, to discuss fourth quarter and full year 2005 financial results, followed by a question and answer session hosted by Steven G. Anderson, President and Chief Executive Officer.

To listen to the live teleconference, please dial 201-689-8349 a few minutes prior to 11:15 a.m. A replay of the teleconference will be available February 22 through February 28 and can be accessed by calling (toll free) 877-660-6853 or 201-612-7415. The account number for the replay is 244 and the conference number is 191738.

The live webcast and replay can be accessed by going to the Investor Relations section of the CryoLife web site at www.cryolife.com and selecting the heading Webcasts & Presentations.

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, vascular, and orthopaedic 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 distributes the CryoLife- O'Brien(R) stentless porcine heart valve and the SG Model #100 vascular graft, which are CE marked for distribution within the European Community.

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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 statements include the Company's belief that the recent FDA approvals of our 10 milliliter BioGlue(R) syringe applicator and our BioGlue spreader tip, and recent enhancements in our tissue processing operations will serve as catalysts for continued operating improvement, its anticipated revenues and expenses for 2006, anticipated increases in tissue processing gross margins during 2006, and expected results and timing of planned tissue process improvement initiatives. 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 efforts to reinvigorate revenue growth 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 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 may not be commercially feasible, 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, the possible accumulation of additional shares by existing significant stockholders or by others which may hinder the ability of the Company and its stockholders to realize the benefits of the rights; other efforts by existing stockholders or others to gain influence or control over CryoLife; 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, 2004, its registration statement on Form S-3 (Reg. No. 333-121406), its most recent Form 10-Q, and the Company's other SEC filings, including the Company's Form 10-K for the year ended December 31, 2005 which the Company expects to file shortly. The Company does not undertake to update its forward-looking statements.

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

Three Months Ended December 31,		Twelve Months Ended December 31,	
2005	2004	2005	2004
(Unaudited)		(Unaudited)	

(Unaudited)
(Audited)
Revenues:

Products	\$ 9,830	\$ 9,424	\$ 38,932	\$ 36,637
Human tissue preservation services	8,088	6,442	30,307	25,676
Research grants	43	--	43	71
Total revenues	17,961	15,866	69,282	62,384
Costs and expenses:				
Products	1,930	1,979	8,065	7,818
Human tissue preservation services	6,373	6,037	24,357	29,807
General, administrative, and marketing	10,499	10,672	53,225	42,640
Research and development	980	1,222	3,724	3,938
Interest expense	126	40	346	196
Interest income	(123)	(61)	(531)	(262)
Change in valuation of derivative	(512)	--	(140)	--
Other expense (income), net	(13)	(14)	199	13
Total costs and expenses	19,260	19,875	89,245	84,150
Loss before income taxes	(1,299)	(4,009)	(19,963)	(21,766)
Income tax benefit	(618)	(1,646)	(428)	(3,017)
Net loss	\$ (681)	\$ (2,363)	\$ (19,535)	\$ (18,749)
Effect of preferred stock	(244)	--	(777)	--
Net loss applicable to common shares	\$ (925)	\$ (2,363)	\$ (20,312)	\$ (18,749)
Loss per common share:				
Basic	\$ (0.04)	\$ (0.10)	\$ (0.85)	\$ (0.81)
Diluted	\$ (0.06)	\$ (0.10)	\$ (0.85)	\$ (0.81)
Weighted average common shares outstanding:				
Basic	24,314	23,386	23,959	23,043
Diluted	26,992	23,386	23,959	23,043
Revenues from:				
BioGlue	\$ 9,645	\$ 9,226	\$ 37,985	\$ 35,745
Bioprosthetic devices	185	198	947	892
Total Products	9,830	9,424	38,932	36,637
Cardiovascular	3,355	2,767	13,762	12,504
Vascular	3,172	2,522	11,453	10,293
Orthopaedic	1,561	1,153	5,092	2,879
Total preservation services	8,088	6,442	30,307	25,676
Other	43	--	43	71
Total revenues	\$ 17,961	\$ 15,866	\$ 69,282	\$ 62,384
Domestic revenues	\$ 15,275	\$ 13,489	\$ 58,869	\$ 53,244
International revenues	2,686	2,377	10,413	9,140
Total revenues	\$ 17,961	\$ 15,866	\$ 69,282	\$ 62,384

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CRYOLIFE, INC.
Unaudited Reconciliation of Adjusted Net Loss
(In thousands, except share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
(Unaudited)				
Net loss - as reported	\$ (681)	\$ (2,363)	\$ (19,535)	\$ (18,749)
Add back adjustments to net loss:				
Settlement of class action lawsuit	--	--	11,625	--
Product liability accrual	(558)	--	(702)	--
Post employment benefits	--	--	851	--
Change in valuation of derivative	(512)	--	--	--

Adjusted net loss	\$ (1,751)	\$ (2,363)	\$ (7,761)	\$ (18,749)
Effect of preferred stock	(244)	--	(777)	--
Adjusted net loss applicable to common shares	<u>\$ (1,995)</u>	<u>\$ (2,363)</u>	<u>\$ (8,538)</u>	<u>\$ (18,749)</u>
Adjusted loss per common share:				
Basic	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>	<u>\$ (0.36)</u>	<u>\$ (0.81)</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ (0.10)</u>	<u>\$ (0.36)</u>	<u>\$ (0.81)</u>
Weighted average common shares outstanding:				
Basic	<u>24,314</u>	<u>23,386</u>	<u>23,959</u>	<u>23,043</u>
Diluted	<u>26,992</u>	<u>23,386</u>	<u>23,959</u>	<u>23,043</u>

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CRYOLIFE, INC.
Financial Highlights
(In thousands)

	December 31, 2005	December 31, 2004
(Unaudited) (Audited)	-----	-----
Cash and cash equivalents, marketable securities, at market, and restricted securities	\$ 12,159	\$ 9,232
Trade receivables, net	10,153	8,293
Other receivables	1,934	3,957
Deferred preservation costs, net	13,959	8,822
Inventories	4,609	4,767
Total assets	76,809	73,261
Shareholders' equity	50,621	49,660

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

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