

<b>OMB APPROVAL</b>	
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>LACY VIRGINIA C</u>  (Last) (First) (Middle) CRYOLIFE, INC. 1655 ROBERTS BOULEVARD, N.W.  (Street) KENNESAW GA 30144  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>CRYOLIFE INC [ CRY ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>12/26/2006</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/26/2006		S <sup>(1)</sup>		500	D	\$7.43	290,780	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		400	D	\$7.44	290,380	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		100	D	\$7.46	290,280	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		800	D	\$7.47	289,480	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		800	D	\$7.49	288,680	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		500	D	\$7.51	288,180	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		100	D	\$7.53	288,080	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		200	D	\$7.54	287,880	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		500	D	\$7.57	287,380	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock	12/26/2006		S <sup>(1)</sup>		100	D	\$7.59	287,280	I	Beneficiary of Trusts <sup>(2)</sup>
Common Stock								2,500	D	
Common Stock								165,879	I	Beneficiary of IRA <sup>(2)</sup>
Common Stock								22,500	I	Administrator of Pension Plan

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				

**Explanation of Responses:**

1. The sales reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on September 6, 2006.
2. Ms. Lacy is the beneficiary of three trusts and an IRA in the name of her deceased spouse.

**Remarks:**

/s/ Virginia C. Lacy                      12/26/2006  
 \*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**