

Unaudited Pro Forma Condensed Consolidated
Financial Information

Introductory Note: The following unaudited pro forma condensed consolidated balance sheet and statements of income reflect the financial position at June 30, 1998 and results of operations for the year ended December 31, 1997 and the six months ended June 30, 1998 of CryoLife, Inc. (the "Registrant") as if the disposition of the IFM Product Line on September 30, 1998 had occurred on June 30, 1998 for balance sheet purposes and January 1, 1997 for statement of income purposes.

The unaudited pro forma condensed consolidated balance sheet and statements of income do not purport to represent the Registrant's financial position or results of operations had the transactions actually occurred on June 30, 1998 or January 1, 1997, respectively, or to project the Registrant's consolidated results of operations for any future periods.

The pro forma adjustments are based upon available information. These adjustments are directly attributable to the transaction referred to above, and are expected to have a continuing impact on the Registrant's business, results of operations and financial position. The following unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements of the Registrant, which are included in its Form 10-K for the year ended December 31, 1997 and its Form 10-Q for the six months ended June 30, 1998.

CryoLife, Inc.
Proforma Condensed Consolidated Statement of Income
Year Ended December 31, 1997
(Unaudited)

	CryoLife, Inc. Year Ended 12/31/97	Proforma Adjustments	Proforma Consolidated Year ended 12/31/97
REVENUES:			
Cryopreservation and products	\$50,409,000	(\$5,591,000) (A) 6,000,000 (B)	\$50,818,000
Other	460,000		460,000
Total revenues	50,869,000	409,000	51,278,000
COSTS AND EXPENSES:			
Cryopreservation and products	17,764,000	(2,411,000) (A) 4,930,000 (B)	20,283,000
General, administrative and marketing	20,548,000	(349,000) (C) (453,000) (D)	19,746,000
Research and development	3,946,000		3,946,000
Interest expense	978,000	(587,000) (E)	391,000
Total costs and expenses	43,236,000	1,130,000	44,366,000
Income before income taxes	7,633,000	(721,000)	6,912,000
Income tax expense	2,908,000	(273,980) (F)	2,634,020
Net income	\$4,725,000	(\$447,020)	\$4,277,980

Earnings per share:

Basic	\$ 0.49	\$ 0.44
Diluted	\$ 0.48	\$ 0.43
Weighted average shares outstanding:		
Basic	9,642,000	9,642,000
Diluted	9,942,000	9,942,000

- (A) Reverse historical IFM sales and cost of sales
- (B) Reflect the terms of the manufacturing agreement between Ideas for Medicine and Horizon based on the minimum required sales to Horizon and the related costs, and assuming the realization of a pro-rata portion of the deferred revenue
- (C) Eliminate goodwill amortization
- (D) Eliminate selling and marketing expenses associated with the IFM product line
- (E) Eliminate interest expense to reflect the paydown of bank borrowings with the proceeds from the sale of the IFM product line
- (F) Income tax benefit related to additional expenses at the Company's effective income tax rate (38%)

CryoLife, Inc.
Proforma Condensed Consolidated Statement of Income
Six Months Ended June 30, 1998
(Unaudited)

	CryoLife, Inc. Six Months Ended 6/30/98	Proforma Adjustments	Proforma Consolidated Six Months Ended 6/30/98
REVENUES:			
Cryopreservation and products	\$29,978,000	(\$3,196,000) (A) 3,000,000 (B)	\$29,782,000
Other	909,000		909,000
Total revenues	30,887,000	(196,000)	30,691,000
COSTS AND EXPENSES:			
Cryopreservation and products	11,826,000	(1,600,000) (A) 2,465,000 (B)	12,691,000
General, administrative and marketing	11,707,000	(246,000) (C) (346,000) (D)	11,115,000
Research and development	2,267,000		2,267,000
Interest (income) expense	110,000	(237,000) (E)	(127,000)
Total costs and expenses	25,910,000	36,000	25,946,000
Income before income taxes	4,977,000	(232,000)	4,745,000
Income tax expense	1,757,000	(81,200) (F)	1,675,800
Net income	\$3,220,000	(\$150,800)	\$3,069,200
Earnings per share:			
Basic	\$ 0.29		\$ 0.27
Diluted	\$ 0.28		\$ 0.27
Weighted average shares outstanding:			
Basic	11,219,000		11,219,000
Diluted	11,577,000		11,577,000

- (A) Reverse historical IFM sales and cost of sales

- (B) Reflect the terms of the manufacturing agreement between Ideas for Medicine and Horizon based on the minimum required sales to Horizon and the related costs, and assuming the realization of a pro-rata portion of the deferred revenue
- (C) Eliminate goodwill amortization
- (D) Eliminate selling and marketing expenses associated with the IFM product line
- (E) Adjustment of interest expense to reflect the paydown of bank borrowings with the proceeds from the sale of the IFM product line
- (F) Income tax benefit related to additional expenses at the Company's effective income tax rate (35%)

CryoLife, Inc.
Pro Forma Condensed Consolidated Balance Sheet
June 30, 1998

	CryoLife, Inc. June 30, 1998	Pro Forma Adjustments	Consolidated Pro Forma June 30, 1998
ASSETS:			
Cash and cash equivalents	\$32,106,000	\$14,850,000 (A)	\$ 46,956,000
Receivables, net	10,320,000		10,320,000
Deferred preservation costs, net	13,295,000		13,295,000
Inventories	3,477,000	(1,474,000) (B)	2,003,000
Prepaid expenses	2,103,000	(21,000) (C)	2,082,000
Total current assets	61,301,000	13,355,000	74,656,000
Property and equipment, net	18,458,000	(19,000) (D)	18,439,000
Goodwill, net	9,502,000	(7,782,000) (E)	1,720,000
Patents, net	2,253,000	(69,000) (D)	2,184,000
Other, net	1,529,000		1,529,000
Deferred income taxes	-	712,000 (H)	712,000
Total assets	\$93,043,000	\$ 6,197,000	\$ 99,240,000
LIABILITIES:			
Accounts payable	\$ 1,142,000	\$ -	\$ 1,142,000
Accrued expenses	2,342,000	2,100,000 (F)	4,442,000
Accrued compensation	1,081,000	500,000 (G)	1,581,000
Current maturities - capital lease	215,000		215,000
Current maturities - long-term debt	496,000		496,000
Deferred income	-	721,000 (I)	721,000
Income taxes payable	381,000	1,096,000 (H)	1,477,000
Total current liabilities	5,657,000	4,417,000	10,074,000
Deferred income	-	2,164,000 (I)	2,164,000
Deferred income taxes	384,000	(384,000) (H)	0
Capital lease obligations	1,829,000		1,829,000
Long-term debt	5,207,000		5,207,000
Shareholders' equity:			
Common stock	133,000		133,000
Additional paid-in capital	64,166,000		64,166,000
Retained earnings	15,847,000		15,847,000
Treasury stock	(180,000)		(180,000)

Total liabilities and shareholders' equity	=====	=====	=====
	\$93,043,000	\$ 6,197,000	\$ 99,240,000
	=====	=====	=====

- (A) Receipt of the \$15,000,000 in proceeds (net of \$150,000 in transaction costs) from the sale of the IFM product line (there were no outstanding bank borrowings at June 30, 1998)
- (B) Sale of finished goods inventories to Horizon
- (C) Sale of IFM marketing materials to Horizon
- (D) Sale of manufacturing equipment and patents to Horizon
- (E) Write-off of unamortized goodwill recorded in connection with CryoLife, Inc.'s acquisition of IFM
- (F) Accrual of estimated earnout liability to former owner of IFM, insurance expenses and other transaction-related costs
- (G) Accrual for bonuses related to the sale of the IFM product line
- (H) Record income tax related to the sale of the IFM product line
- (I) Deferred revenue balance established at transaction date for realization of gain associated with the transaction over the four-year manufacturing agreement

(c) Exhibits.

Exhibit
Number

Description

2.1 Asset Purchase Agreement dated as of September 30, 1998 by and between Ideas For Medicine, Inc. ("IFM") and Horizon Medical Products, Inc. (incorporated herein by reference to Exhibit 2 to the Current Report on Form 8-K of Horizon Medical Products, Inc. (File No. 000-24029), filed on October 14, 1998).

99.1* Press Release

* Previously filed.

SIGNATURES

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

CRYOLIFE, INC.

Date: November 3, 1998

By: /s/ Edwin B. Cordell, Jr.

Edwin B. Cordell, Jr., Vice
President and Chief Financial Officer

