



Acquisition of Hemosphere

May 15, 2012



Forward Looking Statements

Statements made in this presentation that look forward in time or that express management's beliefs, expectations, hopes or predictions of the future are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, including those detailed in CryoLife's Form 10-K filing for the year ended December 31, 2011, and later SEC filings as well as on the last slide of this presentation. The Company does not undertake to update its forward-looking statements.

Focused Acquisition Growth Strategy

Acquisitive Growth

- ✓ Acquire innovative products and technologies to accelerate top line
- ✓ Focus on cardiac and vascular surgery
- ✓ Target deals that have a clear path to shareholder value
- ✓ Integrate products into global sales force
- ✓ Leverage commercial and clinical infrastructure

Drive Revenue Growth – Expand Gross Margins – Improve Profitability

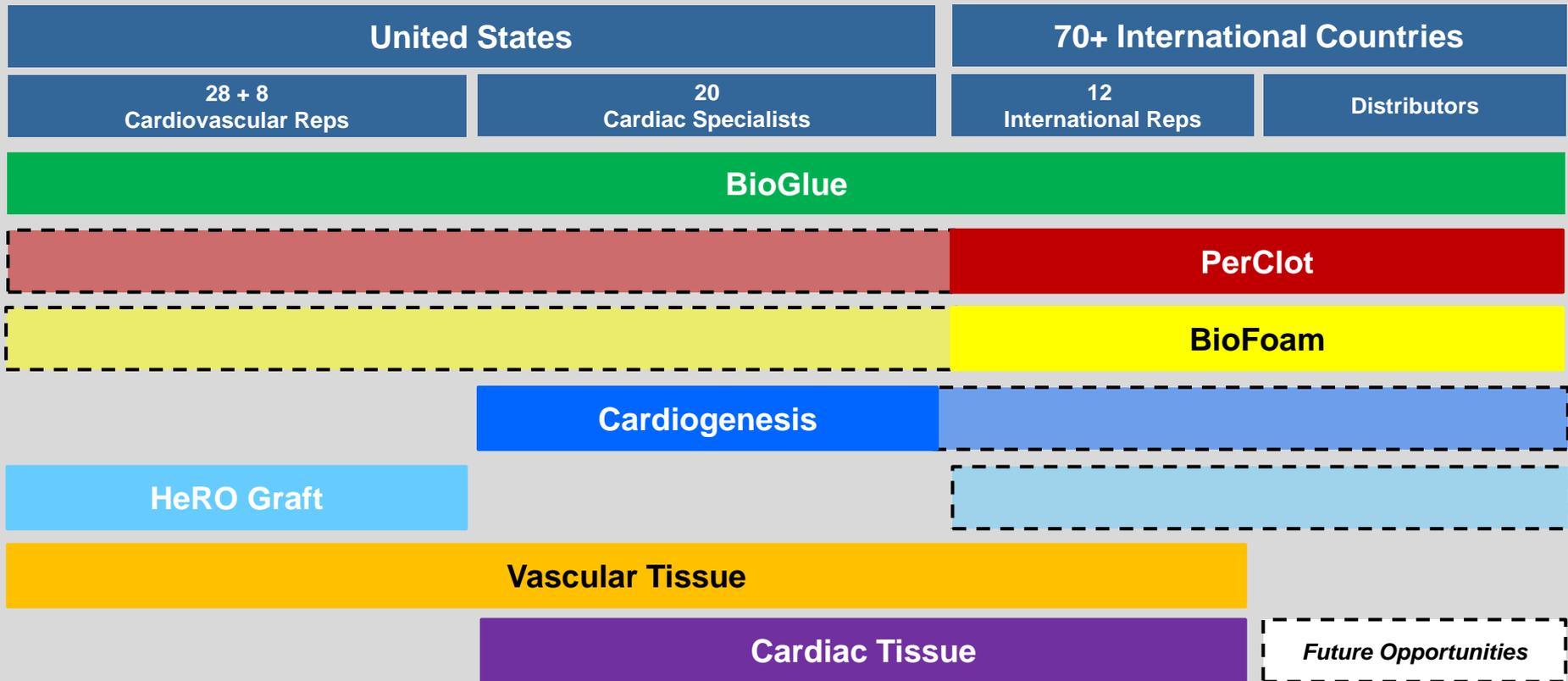
Hemosphere Acquisition:

- Meets all targeted acquisition objectives
- Complementary to existing AV graft business
- Positions Company for enhanced revenue growth

Acquisition Highlights

- HeRO Graft – proprietary graft-based solution for end-stage renal disease (ESRD) hemodialysis patients
 - Only subcutaneous AV access solution clinically proven to maintain long-term access for hemodialysis patients with central venous stenosis
 - 69% reduction in bacteremia compared to catheter-based solutions
 - Improves dialysis efficacy
 - Patent-protected, high margin medical device
- Immediately accretive to 2012 revenue; accelerates revenue growth in 2013
 - FY 2011 sales of \$5.3 million (U.S. only with limited sales force)
 - International growth opportunity through CryoLife's global direct and distribution sales and marketing infrastructure
 - \$250+ million and growing global market opportunity
- Leverages CryoLife's 28-person cardiovascular sales team
 - Complementary to CryoLife's CryoVein and CryoArtery preserved human tissue

Excellent Strategic Fit

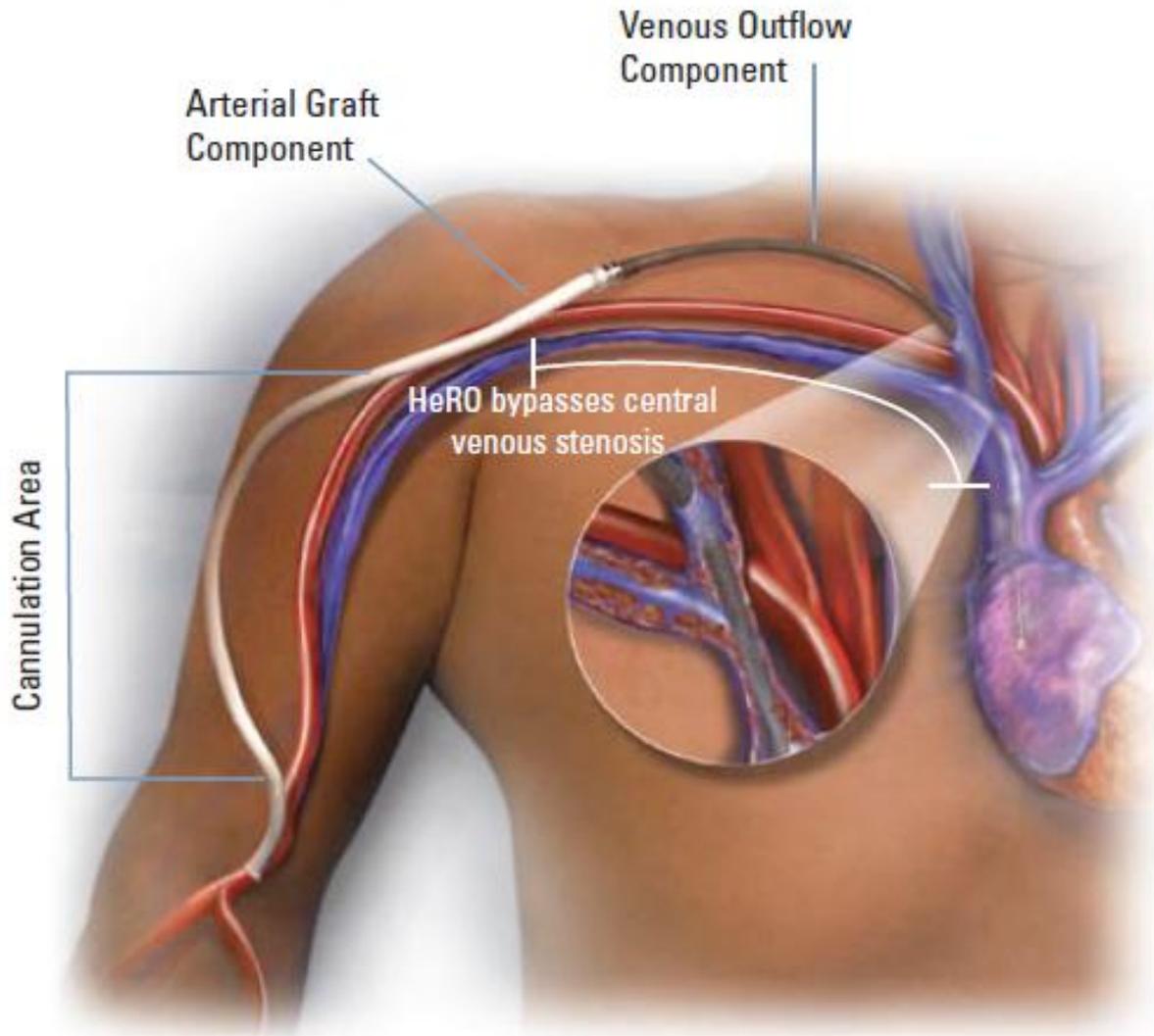


- Acquisition adds 8 reps to cardiovascular sales team
- CryoLife's existing vascular surgeon customers provide opportunity to cross-sell HeRO Graft
- HeRO Graft's existing users provide opportunity to cross-sell CryoLife's vascular tissue, BioGlue and pipeline hemostat and sealant products



- HeRO (Hemodialysis Reliable Outflow) Graft proprietary solution for ESRD hemodialysis patients
 - Initial FDA 510(k) clearance in 2008 and CE Mark approval in 2011
 - >5,000 patients treated to date
 - Nearly 100 published clinical studies and presentations
 - Established and expanding reimbursement in the U.S.
 - Strong intellectual property: 6 patents in the U.S., Europe and Japan and 12 pending patent applications
- Alternative to Tunneled Dialysis Catheters (TDCs)
- Reduces catheter-related infections, improves adequacy of dialysis and improves patient quality of life
- Aligned with healthcare reform initiatives; clinical and economic benefits

HeRO Graft Overview



- Entirely subcutaneous
- Bypasses stenosed peripheral and central vein anatomy
- Three incision sites:
 - Connector (at shoulder)
 - Arterial inflow (at elbow)
 - Internal jugular (at neck)

HeRO Graft Key Benefits



PATIENTS

- 69% reduction in bacteremia rates
- Superior flow rates (Kt/V)
- Superior patency vs. catheters
- Fewer interventions
- Fewer readmissions

DIALYSIS PROVIDERS

- Fewer missed dialysis sessions (and associated revenue)
- Reduced infection rate decreases blood cultures and antibiotics usage
- Eliminates need for tPA and heparin flushes required by TDCs
- Aligned with 2012 - 2014 CMS rules for ESRD payments

PAYORS

- Improved economic outcomes
- Lower cost to healthcare system

CRYOLIFE

- Best-in-class medical device with benefits for patients, payors and providers
- Immediate revenue opportunity with cross-selling potential
- High gross margin (65.6% in 2011)
- Product enhancements and international markets represent incremental market opportunity

Strong HeRO Graft Adoption

- >5,000 procedures performed
 - Focused on developing KOL accounts at leading vascular access centers
 - Robust sales and marketing support programs
 - 36% unit growth in top 50 accounts (2011 vs. 2010)
- \$5.3 million in revenue in 2011
 - Achieved with limited sales presence (currently 8 reps)
 - Increasing ASP trends in US (currently ~\$3,300)
 - Transitioning distribution to direct rep presence
- Sales force expansion provides opportunity to accelerate revenue growth
 - Proven sales playbook
 - CryoLife's 28 cardiovascular reps already call on vascular surgeons with complementary AV access tissues
 - Target additional accounts at all U.S. major medical centers

Clinical Superiority to Catheters

FDA and post-clinical market data

	AVF	AVG	HeRO	Catheters
Bacteremia Rates (Infections / 1,000 days)	0.05	0.11	0.7 ²	2.3
Adequacy of Dialysis (Kt / V)	1.58	1.37 – 1.62	1.7 ¹	1.29 – 1.46
Intervention Rates (# of interventions / year)	1.3 – 1.7	1.6 – 2.4	2.5 ²	5.8
12 Month Secondary Patency Rates (%)	81	65	88 ²	37

HeRO Graft Clinical Data Summary vs. Catheters

- 69% lower bacteremia rate (#1 goal for catheter reduction initiative)
- Superior renal clearance
- Fewer interventions
- 88% secondary patency at 12 months from multi-center data

¹Data from HeRO Bacteremia Study submitted for FDA Clearance published in Journal of Vascular Surgery (JVS), Sept 2009, Katzman, MD, et. al. Comparisons to AVG and catheters are from literature review on file at Hemosphere.

²Data presented at American Society of Nephrology (ASN), Nov 2010 with data contributed by Duke University, University of Miami, Baylor Health Systems, and Bamberg County Hospital.

ESRD Treatment Cascade



AVFs and AVGs

- Gold standard
- As many as 50% of patients never develop adequate AVF site
- Inappropriate for patients with central venous stenosis

Tunneled Dialysis Catheters

- High cost due to infection rate
- High complications (3-5x higher)
- Poor renal clearance, accelerates central venous stenosis

Favorable Reimbursement & Regulatory Environment

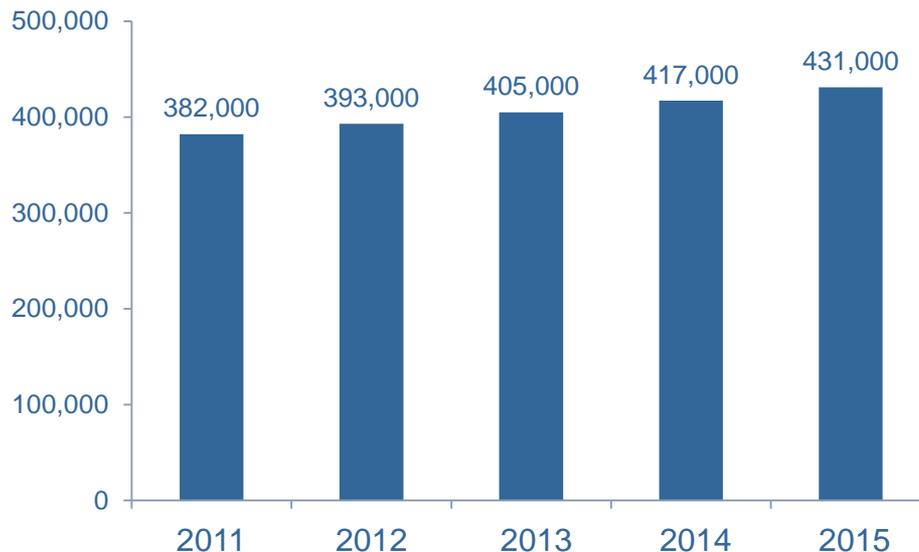
- CMS shifting cost and risk to dialysis providers
 - Bundled payment covers dialysis session labs and drugs, INCLUDING cost of treating infections
 - Hospitals liable to pay for readmissions within 30 days
- Hospitals required to report blood stream infections (BSI)
 - Catheters (including TDCs) are #1 driver of BSI
 - Hospital ranking partially based on BSI infection rate management
- HeRO Graft unique two code reimbursement strategy endorsed by SVS and AMA
 - Inpatient: ~\$15,000
 - Outpatient: ~\$3,500 - \$6,500
 - Physician Fees: ~\$800 - \$1,000
- HeRO Graft can reduce patient morbidity and mortality due to fewer infections and improved dialysis

Robust Intellectual Property

- Comprehensive IP strategy and portfolio includes existing design and potential product enhancements
- 6 patents and 12 pending patent applications
 - 4 U.S. patents
 - 1 European patent
 - 1 Japanese patent
 - 6 pending U.S. patent applications
 - 6 pending patent applications in Europe, Canada, Japan and Hong Kong

Large and Growing Hemodialysis Population

Number of U.S. Hemodialysis Patients¹



Drivers of Hemodialysis Market

- Aging population
- Obesity and diabetes on the rise
- Western diet
- Hypertension
- Earlier onset of ESRD

82% of ESRD access patients initiate with a catheter



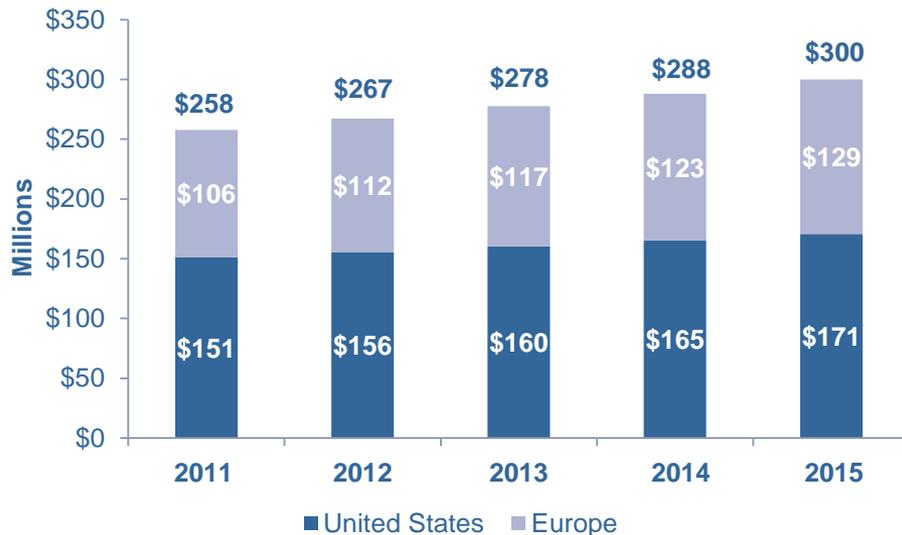
10% to 40% of ESRD access patients develop central venous stenosis (CVS)



Minimum of 12% are HeRO Graft eligible candidates

\$250+ Million Worldwide Market Opportunity

Market Opportunity¹



Number of HeRO Graft Eligible Patients¹



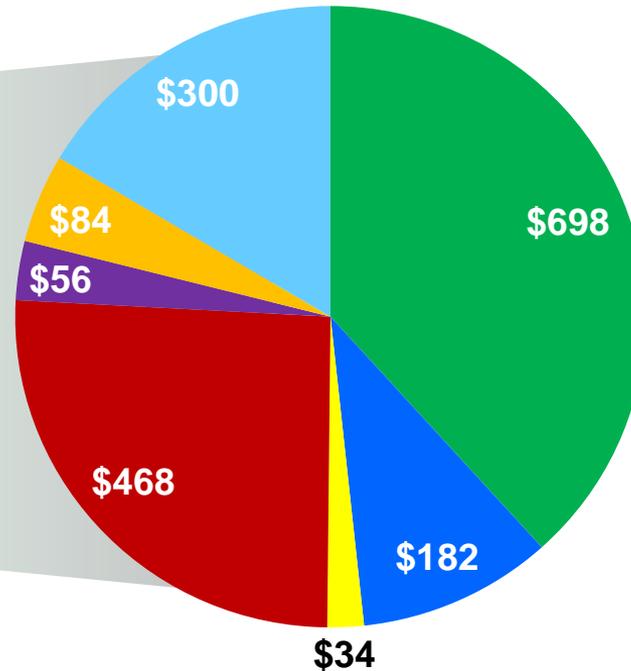
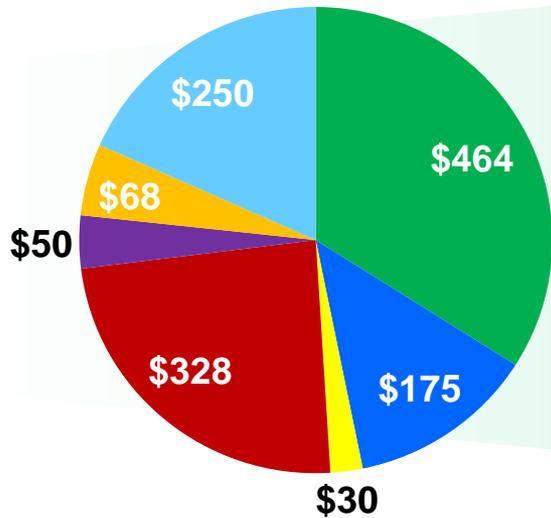
- HeRO Graft currently approved in U.S. and Europe
- HeRO Graft has only been commercialized in the U.S. (\$150+ million market)
- Expansion into international markets increases current addressable market (incremental \$100+ million)
- Product enhancements offer potential to gain additional market access

Diversified and Growing Market Opportunities

Total Addressable Market for CryoLife Products (approved markets only)

2012

2015



*\$ in Millions
unless noted*

\$1.4B

\$1.8B

- BioGlue
- CardioGenesis
- BioFoam EU
- PerClot EU
- Allograft Cardiac Tissue
- Allograft Vascular Tissue
- HeRO Graft

Significant incremental medical device market opportunities:

- PerClot (US and add'l int'l markets)
- BioFoam (US)
- CardioGenesis (PHOENIX biologics)
- HeRO Graft (International)

Acquisition Agreement Summary

- \$17.0 million upfront payment
- \$4.5 million in potential sales-based milestone payments
- Funded by cash on hand

Deal Structure		
Upfront Cash at Closing	\$17.0M	79%
\$10M TTM Sales	\$2.5M	
\$12.5 - \$15M TTM Sales	\$2.0M	
Potential Milestone Payments	\$4.5M	21%
Total	\$21.5M	100%

Financial Guidance

- 2012 revenue from HeRO Graft expected to be between \$2.5 - \$3.5 million
- Transaction expected to be \$0.09 - \$0.10 dilutive in 2012, which includes non-recurring transaction and integration charges of between \$0.06 - \$0.08, of which \$0.04 - \$0.05 is expected in 2Q 2012
- Per share charges assume a 35 percent income tax rate. Due to the non-deductibility of certain transaction expenses, the effective income tax rate in the second quarter of 2012 is expected to be higher than 35 percent.
- Transaction expected to be slightly dilutive to break-even in 2013

HeRO Graft – Significant Long-Term Growth Potential

Growing Hemodialysis Population

- Diabetes epidemic
- Aging population
- Hypertension
- Earlier onset of ESRD

Catheter Reduction in the Spotlight

- High infection incidence
- Poor dialysis clearance
- Repeat interventions
- Higher readmissions

CMS Changes

- Cost bundling
- Quality incentive pay
- Complication reporting

CryoLife Sales Force and Corporate Resources

- 28 rep U.S. cardiovascular sales force
- Complementary products with cross-selling potential
- International direct (12 reps) and distribution (70 countries) presence
- R&D and regulatory expertise

Growing \$250+ Million Market Opportunity

Surgeons, nephrologists and dialysis providers looking for an alternative to catheters

Forward Looking Statement Disclaimer

Statements made in this presentation 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. Such forward-looking statements reflect the views of management at the time such statements are made and are subject to a number of risks, uncertainties, estimates, and assumptions that may cause actual results to differ materially from current expectations. These statements include those regarding the belief that the Hemosphere acquisition will help CryoLife accelerate top line growth, expand our gross margin, increase profitability and create shareholder value, the medical benefits associated with HeRO Graft, including the reduction of infections and improved dialysis treatments, the domestic, European and worldwide market opportunity for HeRO Graft, the opportunity for our sales team to leverage their relationships with vascular surgeons to expand HeRO Graft's geographic availability and accelerate its growth in the U.S., incremental HeRO Graft growth opportunities represented by potential product enhancements and international sales, the opportunity to cross-sell CryoLife products to HeRO Graft's existing users, our estimate that we will benefit from the addition of Hemosphere's existing business this year and begin driving a meaningful acceleration of HeRO Graft growth beginning in 2013, growth trends in the hemodialysis market and the drivers of such growth, the total addressable market for CryoLife products; our intention to use cash on hand to finance the transaction with Hemosphere, the expectation that the transaction will close in May 2012, the factors that will drive further adoption of HeRO Graft, the belief that HeRO Graft will be a higher growth and higher margin product, the additional growth opportunity for HeRO Graft outside the U.S. through CryoLife's international direct and distribution sales and marketing infrastructure, the product's ability to be reimbursed in the U.S., our plans, estimated timing and expected benefits related to the integration of HeRO Graft sales into our business, and the financial impact of this transaction on our business and the timing of such impact. These risks and uncertainties include that we may not be able to effectively leverage our existing relationships and infrastructure to increase HeRO Graft sales or to cross-sell other CryoLife products to HeRO Graft's existing users. HeRO Graft sales, and sales for our other products, are dependent on physician and patient acceptance, among other things, and competitors may be able to develop and successfully market competing products. As with most acquisitions, the successful integration of Hemosphere's business into ours may take longer and prove more costly than expected, and we may experience currently unforeseen difficulties related to the HeRO Graft product, the ability of our sales force to market HeRO Graft, and physician training and patient acceptance of HeRO Graft. If we experience problems that slow the integration of Hemosphere's business into our business, then we will not be able to drive meaningful acceleration of HeRO Graft growth as soon as 2013, if at all.

Forward Looking Statement Disclaimer

We may also inherit unforeseen risks and uncertainties related to Hemosphere's business, particularly if the information received by CryoLife during the due diligence phase of this acquisition is incomplete or inaccurate. The expansion of the geographic footprint and acceleration of domestic growth for HeRO Graft sales may require the formation of new relationships and contracts, and there is no guarantee that we will be able to maintain existing HeRO Graft sales and/or expand into new territories. International sales growth is also dependent on physician and patient acceptance, along with international economic conditions, foreign exchange rates and regulatory approvals in various jurisdictions. The estimated domestic, European and worldwide market opportunity for HeRO Graft, as well as the total addressable market for CryoLife products in general, may be incorrect and the market opportunity may shrink due to factors beyond our control, including general economic conditions and government regulations. To the degree that the estimated domestic, European and worldwide market opportunity, as well as the total addressable market for CryoLife products in general, is correct, there is no guarantee that we will successfully penetrate and grow sales within this market. Sales growth via product enhancements will also be subject to regulatory approvals and physician and patient acceptance, as well as successful innovation within our research and development department. Even if we experience successful sales growth for HeRO Graft, our margins would be impacted if we experience increased costs related to the manufacturing and distribution of HeRO Graft. HeRO Graft may not continue to experience continued reimbursement in the U.S., and if patients are not able to receive reimbursement from their insurance providers for this product, sales could be materially impacted. HeRO Graft may not continue to provide the anticipated medical benefits, including the reduction of infections in patients and improved dialysis treatments. If the medical profession and patients do not perceive HeRO Graft to be a safe and effective product, our sales would be materially impacted and we may experience lawsuits as a result. Our plans with respect to the financing of this transaction, the expected timing of the completion of this transaction, and the allocation of future resources to the development and growth of HeRO Graft sales are subject to change at the discretion of management based on CryoLife's business needs at the time. Any of these risks could cause the financial impact of the acquisition to be less advantageous than currently anticipated. Also, certain factors may delay or prevent the completion of this transaction, such as competing offers that may be made prior to the closing and the possibility that various closing conditions for the transaction may not be satisfied or waived, including that a governmental entity may prohibit or delay the transaction. These risks and uncertainties include the risk factors detailed in our Securities and Exchange Commission filings, including our Form 10-K for the year ended December 31, 2011. CryoLife does not undertake to update its forward-looking statements.