

CRYOLIFE INC
Form 8-K
November 01, 2007

**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): November 1, 2007

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.)

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))

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition.

On November 1, 2007, CryoLife, Inc. (“CryoLife” or the “Company”) issued a press release announcing its financial results for the third quarter ended September 30, 2007. CryoLife hereby incorporates by reference herein the information set forth in its Press Release dated November 1, 2007, 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 the date of such press release, and it shall not create any implication that the affairs of CryoLife have continued unchanged since such date.

The press release includes supplemental non-GAAP financial measures, including non-GAAP net income, non-GAAP earnings per share and non-GAAP general, administrative, and marketing expenses. These supplemental measures exclude stock-based compensation expense, changes in the value of a derivative related to the Company’s retired preferred stock, charges related to certain post-employment benefits and gains related to the settlement of an insurance dispute. The additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for net income or earnings per share prepared in accordance with GAAP. The press release also includes non-GAAP revenues, which have been adjusted from the comparable GAAP revenue numbers to exclude revenues related to orthopedic tissue preservation services.

CryoLife believes that providing adjusted non-GAAP net income and earnings per share provides investors with greater transparency to the information used by CryoLife’s management in its financial and operational decision-making and allows investors to see CryoLife’s results through the eyes of management. CryoLife considers non-GAAP financial measures that exclude the effect of stock-based compensation to be useful metrics for management and investors, allowing CryoLife’s management and investors to compare CryoLife’s recurring core business operating results over multiple periods. Because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FAS 123R, CryoLife’s management believes that providing a non-GAAP financial measure that excludes stock-based compensation allows investors to make meaningful comparisons between CryoLife’s recurring core business operating results and those of other companies, as well as providing CryoLife’s management with an important tool for financial and operational decision making and for evaluating CryoLife’s own recurring core business operating results over different periods of time.

In calculating non-GAAP financial measures, CryoLife also excludes certain items to facilitate a review of the comparability of CryoLife’s operating performance on a period-to-period basis because such items are not, in our view, related to the Company’s ongoing operational performance. In the attached press release, these items included non-recurring items such as the exclusion of changes in the value of a derivative related to the Company’s retired preferred stock, charges related to certain post-employment benefits and gains related to the settlement of an insurance dispute. Non-GAAP revenues have been adjusted to exclude revenues from orthopedic tissue processing because the Company discontinued procuring and processing such tissue as of January 1, 2007 and is currently only distributing those tissues that were processed prior to that time. Because the Company’s revenues from these tissues will be reduced to zero in the near future, the Company believes that the non-GAAP revenue numbers presented provide investors with a more accurate measure of the relative revenue performance of the Company’s continuing tissue preservation business. Accordingly, CryoLife believes that these non-GAAP measures, when read in conjunction with the Company’s GAAP financials, provide useful information to investors by offering:

- the ability to make more meaningful period-to-period comparisons of the Company’s on-going operating results;
- the ability to better identify trends in the Company’s underlying business and perform related trend analyses; and
 - a better understanding of how management plans and measures the Company’s underlying business.

The information provided pursuant to this Item 2.02 is to be considered “furnished” pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended, nor shall it be deemed incorporated by reference into any of CryoLife’s reports or filings with the Securities and Exchange Commission (“SEC”), whether made before or after the date hereof, except as expressly set forth by specific reference in such report or filing.

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, 2006, as filed with the SEC, and any subsequent SEC filings. CryoLife disclaims any obligation or duty to update or modify these forward-looking statements.

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 |
|----------------|--------------------------------------|
| 99.1* | Press release dated November 1, 2007 |

* This exhibit is furnished, not filed.

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: November 1, 2007

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