

CRYOLIFE INC
Form DEF 14A
April 20, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

CRYOLIFE, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

1655 ROBERTS BOULEVARD, NW

KENNESAW, GEORGIA 30144

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS OF CRYOLIFE, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of CRYOLIFE, INC. (the Annual Meeting) will be held at CryoLife, Inc.'s Corporate Headquarters, 1655 Roberts Boulevard, NW, Kennesaw, Georgia 30144, on May 20, 2015 at 10:00 a.m., Atlanta time, for the following purposes:

1. To elect as Directors the eight nominees named in the attached proxy statement to serve until the next Annual Meeting of Stockholders or until their successors are elected and have been qualified.
2. To approve, by non-binding vote, the compensation paid to CryoLife's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion.
3. To approve certain amendments to the CryoLife, Inc. Second Amended and Restated 2009 Stock Incentive Plan.
4. To ratify the selection of Ernst & Young LLP as the independent registered public accounting firm for the company for the fiscal year ending December 31, 2015.
5. To transact such other business as may be properly brought before the meeting or any adjournments thereof.

Only record holders of CryoLife's common stock at the close of business on March 18, 2015, will be eligible to vote at the meeting. Your attendance at the Annual Meeting is very much desired. However, if there is any chance you may not be able to attend the meeting, please execute, complete, date, and return the enclosed proxy card in the envelope provided or vote by telephone or internet as directed on the enclosed proxy card. If you attend the meeting, you may revoke your proxy and vote in person.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 20, 2015. Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to

provide access to our proxy materials both by: (i) sending you this full set of proxy materials, including a proxy card; and (ii) notifying you of the availability of our proxy materials on the internet. **This proxy statement, the related proxy card, and our 2014 Annual Report to Stockholders are available on our corporate website and may be accessed at www.cryolife.com by clicking on About CryoLife, then Investor Relations, and then Annual Meeting Materials.** In accordance with such rules, we do not use cookies or other software that identifies visitors accessing these materials on our website.

By Order of the Board of Directors:

J. PATRICK MACKIN
Chairman, President, and Chief Executive Officer

Date: April 20, 2015

A copy of CryoLife's 2014 Annual Report to Stockholders, which includes CryoLife's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, containing financial statements, is enclosed.

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PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

This proxy statement is furnished for the solicitation of proxies by the Board of Directors of CryoLife, Inc. (CryoLife, the company, we, our, or us) for CryoLife s Annual Meeting of Stockholders to be held on May 20, 2015 at 10:00 a.m., Atlanta time. The meeting will be held in the auditorium at CryoLife Corporate Headquarters, 1655 Roberts Boulevard, NW, Kennesaw, Georgia 30144. The sending in of a signed proxy will not affect a stockholder s right to attend the meeting and vote in person. A signed proxy may be revoked by the sending in of a timely, but later dated, signed proxy. Any stockholder sending in or completing a proxy may also revoke it at any time before it is exercised by giving timely notice to Roger T. Weitkamp, Assistant Secretary, CryoLife, Inc., 1655 Roberts Boulevard, NW, Kennesaw, Georgia 30144 (770) 419-3355.

Holders of record of CryoLife s common stock at the close of business on March 18, 2015 will be eligible to vote at the meeting. CryoLife s stock transfer books will not be closed. At the close of business on March 18, 2015, CryoLife had outstanding a total of 29,567,386 shares of common stock, excluding a total of 1,229,619 shares of treasury stock held by CryoLife, which are not entitled to vote. Each outstanding share of common stock will be entitled to one vote, non-cumulative, at the meeting.

Other than the matters set forth herein, management is not aware of any other matters that may come before the meeting. If any other business should be properly brought before the meeting, the persons named on the enclosed proxy card will have discretionary authority to vote the shares represented by the effective proxies and intend to vote them in accordance with their best judgment.

This proxy statement and the attached proxy card were first mailed to stockholders on behalf of CryoLife on or about April 20, 2015. Properly executed proxies, timely returned, will be voted as indicated by the stockholder where the person solicited specifies a choice with respect to any matter to be acted upon at the meeting. If the person solicited does not specify a choice with respect to election of Directors, approval of the compensation paid to CryoLife s named executive officers, approval of certain amendments to the CryoLife, Inc. Second Amended and Restated 2009 Stock Incentive Plan, or ratification of the company s independent registered public accounting firm, the shares will be voted for management s nominees for election as Directors, for approval of the compensation paid to CryoLife s named executive officers, for approval of certain amendments to the CryoLife, Inc. Second Amended and Restated 2009 Stock Incentive Plan, and for ratification of the company s independent registered public accounting firm. In addition to the solicitation of proxies by the use of the mails, Directors and officers of CryoLife may solicit proxies on behalf of management by telephone, email, and personal interview. Such persons will receive no additional compensation for their solicitation activities, and will be reimbursed only for their actual expenses incurred. CryoLife has requested brokers and nominees who hold stock in their names to furnish this proxy material to their customers, and CryoLife will reimburse such brokers and nominees for their related out-of-pocket expenses. The costs of soliciting proxies will be borne by CryoLife.

VOTING PROCEDURES AND VOTE REQUIRED

The Assistant Secretary of CryoLife, in consultation with the inspector of election, who will be an employee of CryoLife's transfer agent, shall determine the eligibility of persons present at the Annual Meeting to vote and whether the name signed on each proxy card corresponds to the name of a stockholder of CryoLife. The Assistant Secretary, based on such consultation, shall also determine whether or not a quorum of the shares of common stock of CryoLife, consisting of a majority of the shares entitled to vote at the Annual Meeting, exists at the Annual Meeting. Abstentions from voting

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will be counted for the purpose of determining the presence or absence of a quorum for the transaction of business. Broker non-votes will be disregarded with respect to all proposals. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting authority and has not received voting instructions from the beneficial owner.

Nominees for election as Directors will be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election. Since there are eight Directorships to be filled, this means that the eight individuals receiving the most votes will be elected. Abstentions and broker non-votes will therefore not be relevant to the outcome.

The advisory votes cast for the approval of the compensation paid to CryoLife's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion, must exceed the votes cast against the approval of such compensation in order for it to be approved. Accordingly, abstentions and broker non-votes will not be relevant to the outcome.

The affirmative vote of a majority of the votes cast, either for or against by the holders of the shares of common stock voting in person or by proxy at the meeting is required to approve the proposed amendments to the CryoLife, Inc. Second Amended and Restated 2009 Stock Incentive Plan, in order to comply with the requirements of Florida law, the company's Bylaws, and applicable requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. Accordingly, abstentions and broker non-votes will not be relevant to the outcome.

The votes cast for the ratification of the appointment of Ernst & Young LLP as CryoLife's independent registered accounting firm must exceed the votes cast against the ratification in order for it to be approved. Accordingly, abstentions and broker non-votes will not be relevant to the outcome.

Shares represented at the annual meeting in person or by proxy are counted for quorum purposes, even if they are not voted on one or more matters. Please note that brokers holding shares for a beneficial owner that have not received voting instructions with respect to the ratification of the appointment of Ernst & Young LLP will have discretionary voting authority with respect to this matter; however, such brokers who do not receive voting instructions with respect to the election of Directors, the approval of the compensation paid to CryoLife's named executive officers, and the approval of certain amendments to the CryoLife, Inc. Second Amended and Restated 2009 Stock Incentive Plan may not vote the beneficial owner's shares with respect to these matters.

There are no rights of appraisal or similar dissenters' rights with respect to any matter to be acted upon pursuant to this proxy statement.

ANNUAL MEETING ADMISSION

Attendance at the Annual Meeting will be limited to stockholders as of the record date, their authorized proxy holders, and guests of CryoLife. Admission will be by ticket only. If you are a registered stockholder (your shares are held of record in your name) and plan to attend the meeting, please detach your Admission Ticket from the top portion of the proxy card and bring it with you to the meeting. If you are a beneficial owner (your shares are held in the name of a bank, broker, or other holder of record) and you plan to attend the meeting, you can obtain an Admission Ticket in advance by writing to Roger T. Weitkamp, Assistant Secretary, CryoLife, Inc., 1655 Roberts Boulevard, NW, Kennesaw, Georgia 30144. Please be sure to enclose proof of ownership, such as a bank or brokerage account statement. Stockholders and proxy holders who do not obtain tickets in advance may obtain them upon verification of

ownership or proxy authority at the reception desk on the day of the meeting. Tickets may be issued to others at the discretion of CryoLife. If you are a beneficial owner, in order to vote your shares at the meeting you must obtain a proxy from the record holder of your shares.

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RECOMMENDATIONS OF THE BOARD OF DIRECTORS

The Board of Directors of CryoLife recommends a vote FOR the election of each nominee for Director named below, FOR approval of the compensation paid to CryoLife's named executive officers, FOR approval of the proposed amendments to the CryoLife, Inc. Second Amended and Restated 2009 Stock Incentive Plan, and FOR ratification of the independent registered public accounting firm.

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PROPOSAL ONE ELECTION OF DIRECTORS

Directors of CryoLife elected at the Annual Meeting to be held on May 20, 2015, will hold office until the next Annual Meeting or until their successors are elected and have been qualified. As discussed at *Potential Payments Upon Termination or Change of Control – Employment, Separation and Release, and Change of Control Agreements – Separation Agreement with Steven G. Anderson* beginning on page 75, Steven G. Anderson, the company's former Executive Chairman of the Board, retired from the company and as a member of the Board as of April 9, 2015. Accordingly, he will not stand for reelection as a director at the Annual Meeting.

Director Nominees

Each of the nominees is currently a Director of CryoLife and has consented to serve on the Board of Directors, if elected. Should any nominee for the office of Director become unable to accept nomination or election, it is the intention of the persons named on the proxy card, unless otherwise specifically instructed in the proxy, to vote for the election of such other person as the Board may recommend.

The following table sets forth the name and age of each nominee, the period during which each such person has served as a Director, the number of shares of CryoLife's common stock beneficially owned, either directly or indirectly, by such person, and the percentage of outstanding shares of CryoLife's common stock such ownership represented at the close of business on March 18, 2015, according to information received by CryoLife. None of the shares of stock noted below are subject to a pledge or similar arrangement.

Name of Nominee	Director Since	Age	Percentage of	
			Shares of CryoLife Stock Beneficially Owned ⁽¹⁾	Outstanding Shares of CryoLife Stock
			(#)	(%)
Thomas F. Ackerman	2003	60	75,000 ⁽²⁾	*
James S. Benson	2005	75	70,000 ⁽²⁾	*
Daniel J. Bevevino	2003	55	75,000 ⁽²⁾	*
Ronald C. Elkins, M.D.	1994	78	89,500 ⁽²⁾	*
Ronald D. McCall, Esq.	1984	78	163,162 ⁽³⁾	*

J. Patrick Mackin	2014	48	280,832 ⁽⁴⁾	*
Harvey Morgan	2008	73	66,250 ⁽⁵⁾	*
Jon W. Salveson	2012	50	55,000 ⁽²⁾	*

* Ownership represents less than 1% of the outstanding shares of CryoLife common stock.

- (1) Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.
- (2) Includes 10,000 shares of unvested restricted stock.
- (3) Includes 16,000 shares of common stock owned of record by Ms. Marilyn B. McCall, Mr. McCall's spouse, and 10,000 shares of unvested restricted stock.
- (4) Amount represents shares of unvested restricted stock and performance-based restricted stock subject to forfeiture that Mr. Mackin holds as of March 18, 2015. This amount does not include performance stock units granted in February 2015 (30,832 shares to be earned if underlying performance conditions are satisfied at target), which had not vested as of March 18, 2015, and will not vest within 60 days thereafter. For additional details regarding Mr. Mackin's equity awards, see *Grants of Plan-Based Awards – Employment Agreement with J. Patrick Mackin* beginning on page 55.
- (5) Includes 28,000 shares held by Ms. Suzanne B. Morgan, Mr. Morgan's spouse, and 10,000 shares of unvested restricted stock.

Director Nominee Qualifications and Biographical Information

Thomas F. Ackerman has served as a Director of CryoLife since December 2003. Mr. Ackerman is Executive Vice President and Chief Financial Officer of Charles River Laboratories International, Inc. (NYSE: CRL), a position he has held since 2005. Charles River Laboratories is a leading global provider of solutions that accelerate the early-stage

drug discovery and development process, with a focus on *in vivo* biology, including research models and services required to enable *in vivo* drug discovery and development. From 1999 to 2005, he served as Senior Vice President and Chief Financial Officer, and from 1996 to 1999, he served as Vice President and Chief Financial Officer of Charles River Laboratories, where he has been employed since 1988. Mr. Ackerman is a Director of the University of Massachusetts Amherst Foundation. Mr. Ackerman received a B.S. in Accounting from the University of Massachusetts and became a certified public accountant in 1979 (his license is currently inactive).

The Board has determined that Mr. Ackerman should serve as a Director of CryoLife because of his expertise in accounting and financial reporting, particularly in the biotechnology industry.

James S. Benson has served as a Director of CryoLife since December 2005. Mr. Benson retired from the Advanced Medical Device Association (AdvaMed , formerly known as The Health Industry Manufacturers Association, HIMA) in July 2002 as Executive Vice President for Technical and Regulatory Affairs. He was employed by AdvaMed from January 1993 through June 2002. Prior to that, he was employed by the Food and Drug Administration (FDA) for 20 years, where he held a number of senior positions. He retired from the FDA as Director of the Center for Devices and Radiological Health (CDRH) in December of 1992. Prior to his position as Center Director, he served as Deputy Commissioner from July 1988 through July 1991. During that period, he served as Acting Commissioner for one year, from December 1989 through November 1990. Prior to his position as Deputy Commissioner, he served as Deputy Director of the CDRH from 1978 to 1982. He served as a director and presiding director of Cytomedix from 2004 through 2013. Mr. Benson received a B.S. in Civil Engineering from the University of Maryland in 1962 and an M.S. in Nuclear Engineering from the Georgia Institute of Technology in 1969.

The Board has determined that Mr. Benson should serve as a Director of CryoLife because of his past business experience in the biotechnology and medical device industries, from both an FDA and industry perspective; his distinguished tenure with the FDA, as well as the particular knowledge and expertise he acquired in these positions with respect to regulatory issues in the healthcare field; and his experience as a director and committee chair.

Daniel J. Bevevino has served as a Director of CryoLife since December 2003. From 1996 until March of 2008, Mr. Bevevino served as the Vice President and Chief Financial Officer of Respironics, Inc. (Nasdaq: RESP), a company that develops, manufactures, and markets medical devices used primarily for the treatment of patients suffering from sleep and respiratory disorders, where he was employed since 1988. In March 2008, Respironics was acquired by Royal Philips Electronics (NYSE: PHG), whose businesses include a variety of medical solutions including medical diagnostic imaging and patient monitoring systems, as well as businesses focused on energy efficient lighting and consumer products. From March 2008 to December 31, 2009, Mr. Bevevino was employed by Philips as the Head of Post-Merger Integration Respironics, as well as in various operating capacities, to help facilitate the integration of the combined companies. He is currently an independent consultant providing interim chief financial officer services in the life sciences industry, and he currently serves as a director of one of the companies for which he provides services. He began his career as a certified public accountant with Ernst & Young (his license is currently inactive). Mr. Bevevino received a B.S. in Business Administration from Duquesne University and an MBA from the University of Notre Dame.

The Board has determined that Mr. Bevevino should serve as a Director of CryoLife because of his expertise in accounting and financial reporting, particularly in the medical device industry.

Ronald C. Elkins, M.D. has served as a Director of CryoLife since January 1994. Dr. Elkins is Professor Emeritus, Section of Thoracic and Cardiovascular Surgery, University of Oklahoma Health Sciences Center. Dr. Elkins has been a physician at the Health Science Center since 1971, and was Chief, Section of Thoracic and Cardiovascular Surgery, from 1975 to 2002. Dr. Elkins is a graduate of the University of Oklahoma and Johns Hopkins Medical School.

The Board has determined that Dr. Elkins should serve as a Director of CryoLife because of his education and experience in the medical field, particularly with respect to cardiovascular surgery.

J. Patrick Mackin assumed the position of President and Chief Executive Officer of CryoLife in September 2014, he was appointed to the CryoLife Board in October 2014, and he was appointed Chairman of the Board in April 2015. Mr. Mackin has more than 20 years of experience in the medical device industry. Prior to joining CryoLife, Mr. Mackin served as President of Cardiac Rhythm Disease Management, the largest operating division of Medtronic, Inc., from August 2007 to August 2014. At Medtronic, he previously held the positions of Vice President, Vascular, Western Europe and Vice President and General Manager, Endovascular Business Unit. Prior to joining Medtronic in 2002, Mr. Mackin worked for six years at Genzyme, Inc. serving as Senior Vice President and General Manager for the Cardiovascular Surgery Business Unit and as Director of Sales, Surgical Products division. Before joining Genzyme, Mr. Mackin spent four years at

Deknatel/Snowden-Pencer, Inc. in various roles and three years as a First Lieutenant in the U.S. Army. Mr. Mackin received an MBA from the Kellogg Graduate School of Management at Northwestern University and is a graduate of the U.S. Military Academy at West Point.

The Board has determined that Mr. Mackin should serve as Director of CryoLife because of his business acumen and substantial worldwide experience in the medical device industry. In addition, the Board believes that it is appropriate and useful to have the President and Chief Executive Officer of CryoLife serve as a member of the Board.

Ronald D. McCall, Esq. has served as a Director of CryoLife since January 1984. From 1985 to the present, Mr. McCall has been the owner of the law firm of Ronald D. McCall, P.A., based in Tampa, Florida. Mr. McCall was admitted to the practice of law in Florida in 1961. Mr. McCall received a B.A. and a J.D. from the University of Florida.

The Board has determined that Mr. McCall should serve as a Director of CryoLife because of his legal training and experience. Also, the Board believes that his long-standing involvement with CryoLife provides him with a unique perspective on current issues facing the company.

Harvey Morgan has served as a Director of CryoLife since May 2008. Mr. Morgan has more than 40 years of investment banking experience, with significant expertise in strategic advisory services, mergers and acquisitions, private placements, and underwritings. He served as a Managing Director of the investment banking firm Bentley Associates, L.P. from 2004 to December 31, 2012, and from 2001 to 2004 he was a Principal of Shattuck Hammond Partners, an independent investment banking and financial advisory firm. Mr. Morgan also serves on the Board of Family Dollar Stores, Inc. (NYSE: FDO) and previously served on the Board of Cybex International, Inc. (Nasdaq: CYBI). Mr. Morgan received his undergraduate degree from The University of North Carolina at Chapel Hill and an MBA from The Harvard Business School.

The Board has determined that Mr. Morgan should serve as a Director of CryoLife because of his past business experience, particularly with respect to investment banking and capital markets.

Jon W. Salveson has served as a Director of CryoLife since May 2012. Mr. Salveson is the Vice Chairman, Investment Banking and Chairman of the Healthcare Investment Banking Group at Piper Jaffray Companies (NYSE: PJC). He joined Piper Jaffray in 1993 as an associate, was elected Managing Director in 1999, and was named the Group Head of Piper Jaffray's international healthcare investment banking group in 2001. Mr. Salveson was appointed Global Head of Investment Banking and a member of the Executive Committee of Piper Jaffray in 2004, and has served in his present position as Vice Chairman, Investment Banking since July 2010. Mr. Salveson also serves on the Board of Sunshine Heart, Inc. (NASDAQ: SSH). Mr. Salveson received his undergraduate degree from St. Olaf College and an M.M.M. in finance from the Kellogg Graduate School of Management at Northwestern University.

The Board has determined that Mr. Salveson should serve as a Director of CryoLife because of his considerable experience in investment banking in the healthcare industry. Mr. Salveson has advised CryoLife in particular with respect to numerous transactions.

CORPORATE GOVERNANCE

Information About the Board of Directors

Our Board of Directors believes that the purpose of corporate governance is to maximize stockholder value in a manner consistent with legal requirements and the highest standards of integrity. The Board has adopted and adheres to corporate governance practices that the Board and senior management believe promote this purpose, are sound, and represent best practices. The Board reviews these practices on an ongoing basis and revises them as appropriate.

Director Independence

The Board has adopted certain categorical standards which provide that the following relationships will be considered material relationships that would impact a Director's independence, measured consistently with the NYSE's interpretation of independence in Section 303A.02 of the NYSE's listing standards:

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The Director is or was, within the preceding three years, employed by us, or an immediate family member of the Director is or was, within the preceding three years, employed by us, as an executive officer

The Director or an immediate family member of the Director received more than \$120,000 per year in direct compensation from us over any twelve-month period within the preceding three years, other than Director and committee fees and pension or other forms of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service

The Director is a current partner or employee of our present internal or external auditors or within the last three years was a partner or employee of a firm that was our internal or external auditor and personally worked on our audit within that time

An immediate family member of the Director is a current partner at our present internal or independent auditors, or an immediate family member of the Director is a current employee of our present internal or independent auditors who personally works on our audit, or within the last three years, an immediate family member of the Director was a partner or employee of a firm that was our internal or external auditor and personally worked on our audit within that time

The Director or an immediate family member of the Director is or was, within the last three years, employed as an executive officer of another company where any of our current executive officers serve or served on that company's compensation committee

The Director is a current executive officer or employee, or an immediate family member of the Director is a current executive officer, of another company that makes payments to or receives payments from us, for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1 million or 2% of the other company's consolidated gross revenues (Contributions to tax-exempt organizations are not considered payments for purposes of this standard, but we will disclose in our annual proxy statement any such contributions we make to any tax-exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from us to the organization exceeded the greater of \$1 million or 2% of the tax-exempt organization's consolidated gross revenues. We have no such contributions to disclose at this time. The Board of Directors will consider the materiality of any such relationship in evaluating the independence of any such Director.)

In addition to qualifying as independent within the meaning of NYSE rules, each member of the Compensation Committee must be a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and at least two members of the Compensation Committee must be outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. In determining the independence of any Director who will serve on the Compensation Committee, the Board will consider all factors specifically relevant to determining whether such Director has a relationship with us that is material to the Director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to (i) the source of compensation of such Director, including any consulting, advisory, or other compensatory fee paid by us to the Director, and (ii) whether such Director is affiliated with us, one of our subsidiaries, or an affiliate of one of our subsidiaries.

The Board has adopted categorical standards that provide that the following commercial or charitable relationships will not be considered to be material relationships that would impair a Director's independence:

If a CryoLife Director is a partner, executive officer, or controlling stockholder of another company or business that does business with us, and the annual amount paid to, or received from, us in the preceding calendar year, or expected to be paid or received in the current calendar year, is less than \$120,000 and is also less than fifteen percent of the annual revenues of the other company or business in that year

If a CryoLife Director provides professional services to CryoLife, such as legal, investment banking, or consulting services, either individually or through a personal corporation, and the annual amount received from us in the preceding calendar year, or expected to be received in the current calendar year, is less than \$120,000 and is also less than fifteen percent of the gross annual income of the Director in the year received

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If a CryoLife Director is an executive officer of another company that is indebted to us, or to which we are indebted, and the total amount of either company's indebtedness to the other is less than five percent of the total consolidated assets of the other company

If a CryoLife Director serves as an officer, director, or trustee of a charitable organization, and our discretionary charitable contributions to the organization are less than two percent of its total annual charitable receipts. Any automatic matching of employee charitable contributions by us pursuant to an established CryoLife program will not be included in the amount of our contributions for this purpose

In connection with its annual review, and based on the information available to it, the Board determined that none of Messrs. Ackerman, Benson, Bevevino, McCall, and Morgan and Dr. Elkins has a material relationship with CryoLife, and that they each therefore qualify as independent Directors under the NYSE's current Listing Standards.

Other than Mr. Ackerman and Dr. Elkins, none of the Directors who were determined to be independent has any relationships with us or our management other than his position on our Board of Directors.

Mr. Ackerman is the Executive Vice President and Chief Financial Officer of Charles River Laboratories International, Inc. CryoLife has made purchases from Charles River Laboratories relating to supplies for certain of its clinical trials in each of the last several years and anticipates doing so in the current year. The amount of these purchases falls within the categorical standards for commercial relationships described above that are not considered to be material relationships that would impair a Director's independence. The Board determined that Mr. Ackerman's relationship with Charles River Laboratories is not a material relationship that could impair his independence as it relates to his Director relationship with CryoLife. Purchases from Charles River Laboratories were made on an arm's-length basis. It is the Board's understanding that Mr. Ackerman's compensation is in no way impacted by the size or amount of the business transacted between the two companies.

Dr. Elkins is a former Chief of the Section of Thoracic and Cardiovascular Surgery at the University of Oklahoma Health Sciences Center and is a Professor Emeritus of the Center. In 2014, the Center paid CryoLife for tissue preservation services and BioGlue® provided by CryoLife. Dr. Elkins' son, Charles Craig Elkins, M.D., is a cardiac surgeon who has implanted CryoLife preserved cardiac tissues at Integris Baptist Medical Center in Oklahoma City. Integris Baptist Medical Center, along with the Integris SW Medical Center, paid CryoLife for tissue preservation services and BioGlue in 2014, and we expect this relationship to continue. The Board considered these relationships and determined that they are not material relationships that could impair Dr. Elkins' independence.

The Board's Right to Retain Advisors

The Board has authorized the independent members of the Board, as a group, to retain their own advisors to the extent they deem it appropriate, subject to the approval of the Presiding Director.

Board Leadership Structure

The President and Chief Executive Officer of CryoLife serves as the Chairman of the Board. The Board believes that this structure promotes fluid communication and coordination between the Board and management. Also, the Board believes that Mr. Mackin is well-suited to fill his management and Board roles, and that the Board benefits from his serving these dual roles.

In order to foster Board independence from management, the Board's leadership structure also includes a Presiding Director, a position held by an independent Director. Mr. McCall assumed the role of Presiding Director in December 2005. The Presiding Director has frequent contact with Mr. Mackin and other members of management on a broad range of matters and has additional corporate governance responsibilities for the Board, including:

Acting as chairman of, coordinating, developing agendas for, and moderating each of the non-management Director executive sessions

Presiding at Board meetings when the Chairman of the Board is not present

Receiving and processing communications from concerned parties wishing to contact the non-management Directors

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Preparing the agenda for each Board and committee meeting

Coordinating the activities of the non-employee and independent Directors

Determining appropriate schedules for Board meetings

Encouraging the non-employee and independent Directors to perform their duties responsibly while not interfering with the flow of the company's operations

Assessing the quality, quantity, and timeliness of the flow of information from the company's management that is necessary for the non-employee and independent Directors to effectively and responsibly perform their duties

Directing the retention of consultants who report directly to the Board

Overseeing the Nominating and Corporate Governance Committee's activities with respect to compliance with, and implementation of, the company's corporate governance policies

Overseeing the Audit and Regulatory Affairs and Quality Assurance Policy Committees' activities respecting compliance with, and implementation of, the company's policies and procedures for the development and implementation of improved safety processes and procedures for new and existing products

Acting as principal liaison between the non-employee and independent Directors and the CEO on sensitive issues

Evaluating, along with the members of the Compensation Committee and the Nominating and Corporate Governance Committee, the CEO's performance and meeting with the CEO to discuss the Board's evaluation

Overseeing the recommendations regarding membership of the various Board committees, as well as selection of the committee chairpersons, by the Nominating and Corporate Governance Committee

Having the authority to retain such counsel or consultants as the Presiding Director deems necessary to perform his responsibilities

The Board's Role in Risk Oversight

The Board believes that risk is a necessary component of a healthy company; however, one of the primary oversight functions of the Board is to ensure that CryoLife maintains an appropriate level of risk, commensurate with both the short-term and long-term goals of the company, and that we do not incentivize excessive or inappropriate risk taking in any area of our company. In order to effectively fulfill this role, the Board relies on various individuals and

committees within management and among our Directors. Management is primarily responsible for risk management, and management reports directly to the Audit Committee and the Board with respect to risk management.

Because some hazards are more likely to be initially perceived by employees involved in the day-to-day aspects of our company, we have established within our Code of Business Conduct and Ethics a process by which employees can report violations of the Code or the law to our General Counsel, or if the violation involves the General Counsel, to the Chairman of the Board. Employees may also report violations or raise any questions or concerns to their supervisors, through the mail or online (including anonymously), or via a hotline. Other problematic issues may first be recognized by senior level management. In such instances, the Presiding Director may be contacted directly by any concerned party, and he or she can act as a liaison with the non-management Directors.

While some problems will necessarily be reported up from employees and management, the Board also believes that its committees should function to eliminate inappropriate levels of risk within their respective areas of delegated authority. The Compensation Committee is responsible for ensuring that our executive compensation policies and practices do not incentivize excessive or inappropriate risk-taking by employees or Directors. The Audit Committee is primarily responsible for coordination with our independent registered public accounting firm, establishment and maintenance of our internal controls, operation of our internal audit, and various regulatory and compliance functions. The Nominating and Corporate Governance Committee monitors risk by ensuring that proper corporate governance standards are maintained and that the Board is comprised of qualified Directors. The Regulatory Affairs and Quality Assurance Policy Committee assists the Audit Committee with its regulatory and compliance function.

As part of the Board's risk oversight function, the Compensation Committee has ongoing responsibilities with respect to our executive compensation policies and programs. The Compensation Committee and management have reviewed our compensation policies and practices as they relate to all CryoLife employees, with particular focus on the incentives they may create and any mitigating factors that may reduce the likelihood of excessive risk taking. The purpose of this review and assessment was to determine whether any of our compensation policies or practices present a material risk to our company. This assessment included an assessment of risks that we face, regardless of whether such risks are reasonably likely to have a material adverse effect on us, and how these risks may be affected by our compensation policies and practices. The primary focus of the reviews was on incentive compensation paid to employees. Our goal was to determine whether the incentive plans and programs might encourage inappropriate behavior by employees, and if so, evaluate how that behavior related to our identified risks. We followed these reviews with an analysis of whether and to what extent the specific incentive compensation policies and procedures that we reviewed were subject to controls that monitored and/or mitigated any risk created. In addition, we reviewed other policies, procedures, and programs that we have in place to monitor and mitigate the identified risks, including training programs, internal controls, and other controls. Based on this review, management, in consultation with the Compensation Committee, has determined that CryoLife's compensation policies and practices are not reasonably likely to have a material adverse impact on our company.

Board and Committee Meetings, Annual Meeting of Stockholders, and Attendance

During 2014, each Director attended, either in person or by telephone, at least 89% of the meetings of the Board of Directors and the committees of the Board on which he served. In general, members of the Board of Directors are appointed to committees at the meeting of Directors immediately following the Annual Meeting of Stockholders.

The Board of Directors held twelve meetings during 2014. Board attendance at the Annual Meeting of Stockholders is encouraged, but not required. All of the then-current Board members attended the 2014 annual meeting.

Standing Committees of the Board of Directors; Committee Assignments

During 2014, the Board of Directors had four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Regulatory Affairs and Quality Assurance Policy Committee. In 2014, the Audit Committee met six times, the Compensation Committee met twelve times, the Nominating and Corporate Governance Committee met six times, the Regulatory Affairs and Quality Assurance Policy Committee met five times, and the Compensation Committee and the Nominating and Corporate Governance Committee met jointly once. These committees are described below, and the following table lists the members of each of the standing committees as of the date of this proxy statement:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Regulatory Affairs and Quality Assurance Policy Committee
J. Patrick Mackin, Chairman, President, and Chief Executive Officer ⁽¹⁾	ü			
Thomas F. Ackerman	ü			
James S. Benson			ü	Chair
Daniel J. Bevevino	ü	ü		
Ronald C. Elkins, M.D.		Chair		ü
Ronald D. McCall,		ü	Chair	ü

Presiding Director
Harvey Morgan
Jon W. Salvesson

Chair

ü

ü

- (1) Mr. Mackin was appointed to the Board in October 2014, and he was appointed Chairman of the Board in April 2015.

Audit Committee CryoLife's Audit Committee currently consists of three non-employee Directors: Mr. Morgan, Chairman, Mr. Ackerman, and Mr. Bevevino, each of whom served on the Audit Committee for all of 2014. Mr. Bevevino served as Chairman of the Audit Committee from January to May 2014, and Mr. Morgan assumed the role of Chairman in May 2014. The Audit Committee reviews the general scope of CryoLife's annual audit and the nature of services to be performed for CryoLife in connection with it, acting as liaison between the Board of Directors and the independent registered public accounting firm. The Audit Committee also formulates and reviews various company policies, including those relating to accounting practices and internal control systems of CryoLife. In addition, the Audit Committee is

responsible for reviewing and monitoring the performance of CryoLife's independent registered public accounting firm, for engaging or discharging CryoLife's independent registered public accounting firm, and for assisting the Board in its oversight of risk management and legal and regulatory requirements. Each of the members of the Audit Committee meets the requirements of independence of Section 303A.02 of the current NYSE Listing Standards and also meets the criteria of Section 303A.06, as set forth in Rule 10A-3 promulgated under the Securities Exchange Act of 1934, regarding listing standards related to audit committees. No member of the Audit Committee serves on the Audit Committee of more than three public companies. In addition, the Board of Directors has determined that all of the current members of the Audit Committee satisfy the definition of an audit committee financial expert, as promulgated in Securities and Exchange Commission regulations.

The Audit Committee operates under a written charter. The charter gives the Audit Committee the authority and responsibility for the appointment, retention, compensation, and oversight of CryoLife's independent registered public accounting firm, including pre-approval of all audit and non-audit services to be performed by CryoLife's independent registered public accounting firm. The Audit Committee also oversees and must review and approve all significant related party transactions. See *Policies and Procedures for Review, Approval, or Ratification of Transactions with Related Parties* beginning on page 15; see the *Report of the Audit Committee* beginning on page 20.

Compensation Committee The Compensation Committee operates under a written charter that sets out the committee's functions and responsibilities. Our Compensation Committee currently consists of three non-employee Directors: Dr. Elkins, Chairman, Mr. Bevevino, and Mr. McCall, each of whom served on the Compensation Committee for all of 2014. Each member of the Compensation Committee meets the independence requirements of Sections 303A.02(a)(i) and (ii) of the current NYSE Listing Standards, and is a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 and a disinterested director within the meaning of Section 162(m) of the Internal Revenue Code of 1986.

Pursuant to the Compensation Committee Charter, the Compensation Committee is responsible for reviewing the performance of executive officers and setting the annual compensation for all senior officers, including the salary and the compensation package of executive officers. The committee, among its other responsibilities:

Reviews and approves the corporate goals and objectives upon which the compensation of CryoLife's CEO is based

Determines the proper relationship of all executive compensation to the performance of CryoLife

Evaluates annually the performance of CryoLife's CEO in a joint session with the Nominating and Corporate Governance Committee

Evaluates the performance of other executive officers by consulting with the CEO and reviewing officer evaluations

Recommends to the full Board the total amount and form of annual and other compensation paid to CryoLife's non-employee Directors

Establishes and periodically reviews CryoLife's policies regarding management perquisites

Recommends executive compensation plans to the Board for approval, approves grants under CryoLife's executive bonus plans, and approves grants of stock options, restricted stock awards, performance stock units, and other stock rights and cash incentives under CryoLife's stock and incentive plans

Approves or recommends severance arrangements for the CEO and other senior officers

Reviews and approves all provisions for clawback of incentive compensation awarded to officers and Directors

Reviews and approves CryoLife's peer companies and data sources used in evaluating executive and Director compensation competitiveness

Oversees CryoLife's submissions to stockholders and engagement with proxy advisory firms on matters of executive compensation

Oversees management's review and risk assessment of CryoLife's compensation program and policies. Pursuant to its charter, the Compensation Committee has the authority to delegate any of its decisions to a subcommittee of the Compensation Committee, provided that a full report of any action taken is promptly made to the full Compensation Committee. Except as prohibited by applicable law or rules of the New York Stock Exchange (NYSE), the Compensation Committee may delegate to a senior executive officer of CryoLife the authority to grant equity awards under CryoLife's stock and incentive plans, provided that such awards are not made to officers or Directors of CryoLife. The Compensation Committee has delegated authority to the CEO to allow him to grant restricted stock units to non-officer employees, subject to specified limitations regarding the size and terms of the grants, the duration of the delegated authority, and the manner in which the authority may be exercised.

The Compensation Committee consults with the CEO with respect to compensation for all officers. The CEO negotiates with candidates for employment as officers, and the negotiated compensation is reflected in each candidate's employment arrangements, subject to approval by the Compensation Committee. Management develops bonus and equity compensation plans at the direction of the Compensation Committee and submits these plans to the committee for review and approval.

The Compensation Committee has the power to