

Non-GAAP Financial Measures and Reconciliations

We use various numerical measures in conference calls, investor meetings and other forums which are or may be considered "Non-GAAP financial measures" under Regulation G. We have provided below for your reference supplemental financial disclosure for these measures, including the most directly comparable GAAP measure and an associated reconciliation.

Kensey Nash Corporation Non-GAAP Financial Measures and Reconciliations Adjusted Income and Earnings Per Share Reconciliation

	(Unaudited) As Reported Three Months Ended September 30, 2005	Non-GAAP Adjustments Acceleration of Depreciation and Moving Costs 2005	(Unaudited) Pro forma Three Months Ended September 30, 2005
Revenues:			
Net sales			
Biomaterial sales	\$ 7,173,062	\$ -	\$ 7,173,062
Endovascular sales	325,394	-	325,394
Total net sales	7,498,456	-	7,498,456
Royalty income	5,227,716	-	5,227,716
Total revenues	12,726,172	-	12,726,172
Operating costs and expenses:			
Cost of products sold	4,793,629	(881,397)	3,912,232
Research and development	4,950,421	(550,856)	4,399,565
Sales and marketing	1,832,465	(61,985)	1,770,480
General and administrative	1,979,555	(178,887)	1,800,668
Total operating costs and expenses	13,556,070	(1,673,125)	11,882,945
(Loss)/income from operations	(829,898)	1,673,125	843,227
Interest and other income, net	309,819	-	309,819
Pre-tax (loss)/income	(520,079)	1,673,125	1,153,046
Income tax (benefit)/expense	(337,327)	568,863	231,536
Net (loss)/income	\$ (182,752)	\$ 1,104,263	\$ 921,511
Basic (loss)/earnings per share	\$ (0.02)	\$ 0.10	\$ 0.08
Diluted (loss)/earnings per share	\$ (0.02)	\$ 0.09	\$ 0.07
Weighted average common shares outstanding	11,456,858	11,456,858	11,456,858
Diluted weighted average common shares outstanding	11,456,858	12,377,844	12,377,844

	(Unaudited) As Reported Three Months Ended December 31, 2005	Non-GAAP Adjustments Acceleration of Depreciation and Moving Costs 2005	(Unaudited) Pro forma Three Months Ended December 31, 2005
Revenues:			
Net sales			
Biomaterial sales	\$ 7,744,254	\$ -	\$ 7,744,254
Endovascular sales	218,010	-	218,010
Total net sales	7,962,264	-	7,962,264
Research and development	-	-	-
Royalty income	5,664,701	-	5,664,701
Total revenues	13,626,965	-	13,626,965
Operating costs and expenses:			
Cost of products sold	5,247,868	(1,071,470)	4,176,398
Research and development	4,913,131	(597,514)	4,315,617
Sales and marketing	2,255,638	(67,236)	2,188,402
General and administrative	2,076,243	(206,892)	1,869,351
Total operating costs and expenses	14,492,880	(1,943,112)	12,549,768
(Loss)/income from operations	(865,915)	1,943,112	1,077,197
Interest and other income, net	310,055	-	310,055
Pre-tax (loss)/income	(555,860)	1,943,112	1,387,252
Income tax (benefit)/expense	-	464,258	464,258
Net (loss)/income	\$ (555,860)	\$ 1,478,854	\$ 922,994
Basic (loss)/earnings per share	\$ (0.05)	\$ 0.13	\$ 0.08
Diluted (loss)/earnings per share	\$ (0.05)	\$ 0.12	\$ 0.08
Weighted average common shares outstanding	11,476,546	11,476,546	11,476,546
Diluted weighted average common shares outstanding	11,476,546	12,245,612	12,245,612

Note: To supplement our consolidated financial statements presented in accordance with GAAP, Kensey Nash Corporation uses non-GAAP measures of pro forma net income and earnings per share, which are adjusted from our GAAP results to exclude certain expenses. These non-GAAP adjustments are provided to enhance the user's overall understanding of our historical and current financial performance and our prospects for the future. We believe the non-GAAP results provide useful information to both management and investors by excluding certain expenses that we believe are not indicative of our core operating results.

We have adjusted our GAAP results for an acceleration of depreciation charge and moving costs. The Company has excluded the impact of the acceleration of depreciation charge and moving costs related to the Company's move to a new facility in June 2006. The acceleration of depreciation charge and moving costs began in May 2005 and were completed by June 2006. This non-GAAP measure is a non-cash charge and will have no impact on the cash flows of the Company.

This non-GAAP measure will provide investors and management with an alternative method for assessing Kensey Nash's operating results in a manner consistent with the presentation prior to the acceleration of depreciation charge related to the transition to the new facility. Further, this non-GAAP results is one of the primary indicators management uses for planning and forecasting in future periods. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States.