

## 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**  
*(In Millions, except per share data)*

	Three Months Ended June 30, <u>2003</u>	Fiscal Year Ended June 30, <u>2003</u>	Three Months Ended September 30, <u>2003</u>	Fiscal Year Ended June 30, <u>2004</u>
<b>Adjusted Income</b>				
Net Income, as reported	\$ 3.6	\$ 8.8	\$ 2.5	\$ 13.0
Exclude:				
Historical R&D Tax Credits	(1.3)	(1.3)	(0.3)	(0.3)
Historical R&D Tax Credit Engagement Fees	0.3	0.3	0.1	0.1
Net Income, as adjusted	<u>\$ 2.6</u>	<u>\$ 7.8</u>	<u>\$ 2.3</u>	<u>\$ 12.8</u>
<b>Diluted Earnings Per Share</b>				
Earnings Per Share, as reported	\$ 0.30	\$ 0.76	\$ 0.20	\$ 1.06
Exclude:				
Historical R&D Tax Credits	(0.11)	(0.11)	(0.02)	(0.02)
Historical R&D Tax Credit Engagement Fees	0.02	0.02	0.00	0.00
Earnings Per Share, as adjusted	<u>\$ 0.21</u>	<u>\$ 0.67</u>	<u>\$ 0.18</u>	<u>\$ 1.04</u>
Diluted weighted average common shares outstanding	11.978	11.498	12.312	12.168

**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 and credits. 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 and credits that we believe are not indicative of our core operating results.

The non-GAAP measures are included to provide investors and management with an alternative method for assessing Kensey Nash's operating results in a manner that is focused on the performance of Kensey Nash's ongoing operations and to provide a more consistent basis for comparison between years. Further, these non-GAAP results are 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.