

**EXPONENT, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**For the Quarters Ended July 2, 2010 and July 3, 2009**  
**(unaudited)**  
**(in thousands, except per share data)**

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>July 2, 2010</u>	<u>July 3, 2009</u>	<u>July 2, 2010</u>	<u>July 3, 2009</u>
<b><u>Revenues</u></b>				
Revenues before reimbursements	\$ 55,128	\$ 52,429	\$ 110,329	\$ 107,360
Reimbursements	5,311	8,433	9,516	13,298
Revenues	<u>60,439</u>	<u>60,862</u>	<u>119,845</u>	<u>120,658</u>
<b><u>Operating expenses</u></b>				
Compensation and related expenses	34,060	34,954	71,840	72,800
Other operating expenses	5,388	5,309	10,607	10,586
Reimbursable expenses	5,311	8,433	9,516	13,298
General and administrative expenses	2,905	3,227	5,600	5,859
	<u>47,664</u>	<u>51,923</u>	<u>97,563</u>	<u>102,543</u>
Operating income	12,775	8,939	22,282	18,115
<b><u>Other income</u></b>				
Interest income, net	66	200	129	434
Miscellaneous income, net	(560)	898	400	1,056
	<u>(494)</u>	<u>1,098</u>	<u>529</u>	<u>1,490</u>
Income before income taxes	12,281	10,037	22,811	19,605
<b>Income taxes</b>	<u>5,001</u>	<u>4,012</u>	<u>9,292</u>	<u>7,822</u>
Net income	<u>\$ 7,280</u>	<u>\$ 6,025</u>	<u>\$ 13,519</u>	<u>\$ 11,783</u>
<b><u>Net income per share:</u></b>				
Basic	\$ 0.51	\$ 0.43	\$ 0.95	\$ 0.83
Diluted	\$ 0.48	\$ 0.40	\$ 0.90	\$ 0.79
<b><u>Shares used in per share computations:</u></b>				
Basic	14,377	14,167	14,295	14,129
Diluted	15,054	15,013	15,009	14,998

**EXPONENT, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**July 2, 2010 and January 1, 2010**  
(unaudited)  
(in thousands)

	<b>July 2, 2010</b>	<b>January 1, 2010</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 74,071	\$ 67,895
Short-term investments	2,333	7,490
Accounts receivable, net	71,618	62,662
Prepaid expenses and other assets	10,150	5,789
Deferred income taxes	5,491	4,494
Total current assets	<u>163,663</u>	<u>148,330</u>
Property, equipment and leasehold improvements, net	28,298	29,115
Goodwill	8,607	8,607
Other assets	24,017	20,429
	<u>\$ 224,585</u>	<u>\$ 206,481</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,464	\$ 4,498
Accrued payroll and employee benefits	31,508	35,822
Deferred revenues	5,835	4,757
Total current liabilities	<u>43,807</u>	<u>45,077</u>
Other liabilities	12,670	9,910
Deferred rent	2,140	1,423
Total liabilities	<u>58,617</u>	<u>56,410</u>
Stockholders' equity:		
Common stock	16	16
Additional paid-in capital	92,526	83,808
Accumulated other comprehensive loss	(746)	(367)
Retained earnings	145,462	139,606
Treasury stock, at cost	(71,290)	(72,992)
Total stockholders' equity	<u>165,968</u>	<u>150,071</u>
	<u>\$ 224,585</u>	<u>\$ 206,481</u>

**EXPONENT, INC.**  
**EBITDA and EBITDAS (1)**  
**For the Quarters Ended July 2, 2010 and July 3, 2009**  
**(unaudited)**  
**(in thousands)**

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>July 2, 2010</u>	<u>July 3, 2009</u>	<u>July 2, 2010</u>	<u>July 3, 2009</u>
Net Income	\$ 7,280	\$ 6,025	\$ 13,519	\$ 11,783
Add back (subtract):				
Income taxes	5,001	4,012	9,292	7,822
Interest income, net	(66)	(200)	(129)	(434)
Depreciation and amortization	1,078	1,101	2,151	2,179
<b>EBITDA (1)</b>	<u>13,293</u>	<u>10,938</u>	<u>24,833</u>	<u>21,350</u>
Stock-based compensation	2,001	1,649	5,093	4,744
<b>EBITDAS (1)</b>	<u>\$ 15,294</u>	<u>\$ 12,587</u>	<u>\$ 29,926</u>	<u>\$ 26,094</u>

(1) EBITDA is a non-GAAP financial measure defined by the Company as net income before income taxes, interest income, depreciation and amortization. EBITDAS is a non-GAAP financial measure defined by the Company as EBITDA before stock-based compensation. The Company regards EBITDA and EBITDAS as useful measures of operating performance and cash flow to compliment operating income, net income and other GAAP financial performance measures. Additionally, management believes that EBITDA and EBITDAS provide meaningful comparisons of past, present and future operating results. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. These measures, however, should be considered in addition to, and not as a substitute or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP.