

EXPONENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended December 30, 2016 and January 1, 2016
(unaudited)
(in thousands, except per share data)

	<u>Quarters Ended</u>		<u>Years Ended</u>	
	<u>December 30, 2016</u>	<u>January 1, 2016</u>	<u>December 30, 2016</u>	<u>January 1, 2016</u>
<u>Revenues</u>				
Revenues before reimbursements	\$ 72,753	\$ 69,789	\$ 299,197	\$ 295,705
Reimbursements	4,260	3,892	15,879	17,127
Revenues	<u>77,013</u>	<u>73,681</u>	<u>315,076</u>	<u>312,832</u>
<u>Operating expenses</u>				
Compensation and related expenses	46,543	44,757	193,397	184,502
Other operating expenses	7,176	6,996	28,397	26,975
Reimbursable expenses	4,260	3,892	15,879	17,127
General and administrative expenses	4,085	3,757	15,492	15,295
	<u>62,064</u>	<u>59,402</u>	<u>253,165</u>	<u>243,899</u>
Operating income	14,949	14,279	61,911	68,933
<u>Other income, net</u>				
Interest income, net	194	92	683	207
Miscellaneous income, net	1,648	1,626	6,528	1,993
	<u>1,842</u>	<u>1,718</u>	<u>7,211</u>	<u>2,200</u>
Income before income taxes	16,791	15,997	69,122	71,133
Income taxes	<u>6,403</u>	<u>6,147</u>	<u>21,642</u>	<u>27,534</u>
Net income	<u>\$ 10,388</u>	<u>\$ 9,850</u>	<u>\$ 47,480</u>	<u>\$ 43,599</u>
<u>Net income per share:</u>				
Basic	\$ 0.40	\$ 0.37	\$ 1.79	\$ 1.64
Diluted	\$ 0.39	\$ 0.36	\$ 1.75	\$ 1.60
<u>Shares used in per share computations:</u>				
Basic	26,262	26,491	26,488	26,606
Diluted	26,955	27,133	27,166	27,298

EXPONENT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
December 30, 2016 and January 1, 2016
(unaudited)
(in thousands)

	<u>December 30,</u> <u>2016</u>	<u>January 1,</u> <u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 114,967	\$ 125,751
Short-term investments	58,755	45,842
Accounts receivable, net	87,409	88,577
Prepaid expenses and other assets	12,913	12,616
Total current assets	<u>274,044</u>	<u>272,786</u>
Property, equipment and leasehold improvements, net	36,710	28,485
Goodwill	8,607	8,607
Other assets	84,383	77,629
	<u>\$ 403,744</u>	<u>\$ 387,507</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,073	\$ 10,580
Accrued payroll and employee benefits	62,539	62,092
Deferred revenues	7,624	7,802
Total current liabilities	<u>80,236</u>	<u>80,474</u>
Other liabilities	48,508	42,235
Deferred rent	1,654	1,994
Total liabilities	<u>130,398</u>	<u>124,703</u>
Stockholders' equity:		
Common stock	33	33
Additional paid-in capital	194,632	179,816
Accumulated other comprehensive (loss) income	(3,126)	(1,805)
Retained earnings	291,243	269,259
Treasury stock, at cost	(209,436)	(184,499)
Total stockholders' equity	<u>273,346</u>	<u>262,804</u>
	<u>\$ 403,744</u>	<u>\$ 387,507</u>

EXPONENT, INC.
EBITDA and EBITDAS (1)
For the Quarters Ended December 30, 2016 and January 1, 2016
(unaudited)
(in thousands)

	<u>Quarters Ended</u>		<u>Years Ended</u>	
	<u>December 30, 2016</u>	<u>January 1, 2016</u>	<u>December 30, 2016</u>	<u>January 1, 2016</u>
Net Income	\$ 10,388	\$ 9,850	\$ 47,480	\$ 43,599
Add back (subtract):				
Income taxes	6,403	6,147	21,642	27,534
Interest income, net	(194)	(92)	(683)	(207)
Depreciation and amortization	1,622	1,445	6,131	5,479
EBITDA (1)	<u>18,219</u>	<u>17,350</u>	<u>74,570</u>	<u>76,405</u>
Stock-based compensation	2,674	2,423	13,333	12,959
EBITDAS (1)	<u>\$ 20,893</u>	<u>\$ 19,773</u>	<u>\$ 87,903</u>	<u>\$ 89,364</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 complement 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.