

EXPONENT INC  
Form 10-Q  
May 03, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 29, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-18655

**EXPONENT, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE 77-0218904**

(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

**149 COMMONWEALTH DRIVE, MENLO PARK, CALIFORNIA 94025**

(Address of principal executive office) (Zip Code)

**(650) 326-9400**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller  
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 26, 2013, the latest practicable date, the registrant had 13,185,158 shares of Common Stock, \$0.001 par value per share, outstanding.

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EXPONENT, INC.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## EXPONENT, INC.

## Condensed Consolidated Balance Sheets

March 29, 2013 and December 28, 2012

(in thousands, except par value)

(unaudited)

	March 29, 2013	December 28, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$101,501	\$113,268
Short-term investments	9,541	20,881
Accounts receivable, net of allowance for doubtful accounts of \$2,639 and \$2,666 at March 29, 2013 and December 28, 2012, respectively	80,552	85,361
Prepaid expenses and other assets	6,829	8,277
Deferred income taxes	8,222	7,657
Total current assets	206,645	235,444
Property, equipment and leasehold improvements, net	28,256	27,446
Goodwill	8,607	8,607
Deferred income taxes	19,319	18,359
Deferred compensation plan assets	31,469	24,801
Other assets	679	760
Total assets	\$294,975	\$315,417
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$7,006	\$10,386

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Accrued payroll and employee benefits	30,411	54,720
Deferred revenues	5,428	6,665
Total current liabilities	42,845	71,771
Other liabilities	1,045	988
Deferred compensation	31,377	24,697
Deferred rent	1,593	1,532
Total liabilities	76,860	98,988
Stockholders' equity:		
Common stock, \$0.001 par value; 100,000 shares authorized; 16,427 shares issued at March 29, 2013 and December 28, 2012	16	16
Additional paid-in capital	137,199	123,693
Accumulated other comprehensive loss		
Investment securities, available for sale	12	24
Foreign currency translation adjustments	(735 )	(274 )
	(723 )	(250 )
Retained earnings	201,917	206,057
Treasury stock, at cost; 3,209 and 3,221 shares held at March 29, 2013 and December 28, 2012, respectively	(120,294)	(113,087)
Total stockholders' equity	218,115	216,429
Total liabilities and stockholders' equity	\$294,975	\$315,417

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**EXPONENT, INC.**

## Condensed Consolidated Statements of Income

For the Three Months Ended March 29, 2013 and March 30, 2012

**(in thousands, except per share data)****(unaudited)**

	Three Months Ended	
	March 29, 2013	March 30, 2012
Revenues:		
Revenues before reimbursements	\$68,992	\$66,470
Reimbursements	3,668	5,455
Revenues	72,660	71,925
Operating expenses:		
Compensation and related expenses	48,562	46,175
Other operating expenses	6,147	5,562
Reimbursable expenses	3,668	5,455
General and administrative expenses	3,432	2,917
Total operating expenses	61,809	60,109
Operating income	10,851	11,816
Other income, net:		
Interest income, net	45	77
Miscellaneous income, net	2,609	1,840
Total other income, net	2,654	1,917
Income before income taxes	13,505	13,733
Income taxes	5,529	5,532



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Net income	\$7,976	\$8,201
Net income per share:		
Basic	\$0.58	\$0.59
Diluted	\$0.56	\$0.57
Shares used in per share computations:		
Basic	13,667	13,859
Diluted	14,125	14,419

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements

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EXPONENT, INC.

**Condensed Consolidated Statements of Comprehensive Income**

For the Three Months Ended March 29, 2013 and March 30, 2012

**(in thousands)**

**(unaudited)**

	Three Months Ended	
	March 29, 2013	March 30, 2012
Net income	\$7,976	\$8,201
Other comprehensive income:		
Foreign currency translation adjustments, net of tax	(461 )	188
Unrealized (losses) gains on investments arising during the period, net of tax	(12 )	26
Comprehensive income	\$7,503	\$8,415

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

**EXPONENT, INC.**

## Condensed Consolidated Statements of Cash Flows

For the Three Months Ended March 29, 2013 and March 30, 2012

**(in thousands)****(unaudited)**

	Three Months Ended	
	March 29, 2013	March 30, 2012
Cash flows from operating activities:		
Net income	\$7,976	\$8,201
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of property, equipment and leasehold improvements	1,149	1,144
Amortization of premiums and accretion of discounts on short-term investments	79	145
Deferred rent	61	(89 )
Provision for doubtful accounts	135	298
Stock-based compensation	5,291	4,457
Deferred income tax provision	(1,254 )	(600 )
Tax benefit for stock plans	(3,774 )	(2,435 )
Changes in operating assets and liabilities:		
Accounts receivable	4,674	(1,334 )
Prepaid expenses and other assets	(3,121 )	2,240
Accounts payable and accrued liabilities	240	3,555
Accrued payroll and employee benefits	(15,401)	(16,174)
Deferred revenues	(1,237 )	(807 )
Net cash used in operating activities	(5,182 )	(1,399 )
Cash flows from investing activities:		
Capital expenditures	(1,959 )	(1,294 )
Maturity of short-term investments	11,240	-
Net cash provided by (used in) investing activities		