

March 19, 2003



## **Barrett Business Services, Inc. Announces Fourth Quarter 2002 Operating Results, Restatement of Revenues, Progress Towards Bank Credit Facility Renewal and Schedules Investor Conference Call**

PORTLAND, Ore., March 19 /PRNewswire-FirstCall/ --

Barrett Business Services, Inc. (Nasdaq: BBSI) reported today a net loss of \$993,000 for the fourth quarter ended December 31, 2002, an improvement of \$1,276,000 from a net loss of \$2,269,000 for the fourth quarter of 2001. The diluted loss per share for the 2002 fourth quarter was \$(.17) as compared to a diluted loss per share of \$(.38) for the same quarter a year ago. The net loss for 2002 totaled \$1,353,000, an improvement of \$1,069,000 over the 2001 net loss of \$2,422,000.

The Company and several other publicly-traded PEO companies have determined to restate PEO revenues based upon Emerging Issues Task Force Issue No. 99-19, "Reporting Revenues Gross as a Principal versus Net as an Agent" ("EITF 99-19"). The restatement is predicated upon the determination that a PEO company is not the primary obligor of the direct payroll costs of its PEO employees. Under the Company's new "net revenue" reporting for PEO services, the salaries and wages of PEO employees are no longer recognized as revenue components by "netting" such costs against PEO revenues. The Company will provide comparative financial information within its future public filings and disclosures. Pursuant to this restatement, total revenues for the fourth quarter ended December 31, 2002 amounted to \$25.7 million, a decrease of

approximately \$6.5 million or 20.2% from the \$32.2 million for the same quarter in 2001. Total revenues for 2002 were \$109.3 million, a decrease of approximately \$30.1 million or 21.6% from the \$139.4 million for 2001. The new application of EITF 99-19 has no effect on gross margin dollars, net income, cash flows, working capital and shareholders' equity amounts previously reported, and will not affect such amounts in future periods.

The following statements of operations are based upon the Company's newly adopted revenue recognition accounting policy of "net revenue" reporting for PEO revenues pursuant to EITF 99-19:

Results of Operations	(Unaudited)		(Unaudited)	
	Fourth Quarter Ended		Year Ended	
	December 31,		December 31,	
	Restated		Restated	
	2002	2001	2002	2001
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$22,561	\$28,351	\$96,750	\$123,110
Professional employer				
service fees	3,153	3,889	12,558	16,281
Total revenues	25,714	32,240	109,308	139,391
Cost of revenues:				
Direct payroll costs	16,674	20,931	71,515	90,750
Payroll taxes				
and benefits	3,223	3,841	14,062	17,635
Workers' compensation	3,364	5,927	8,766	12,971
Total cost				
of revenues	23,261	30,699	94,343	121,356
Gross margin	2,453	1,541	14,965	18,035
Selling, general and				
administrative expenses	3,753	4,468	16,008	18,737
Depreciation and				

amortization	280	808	1,162	3,277
Loss from operations	(1,580)	(3,735)	(2,205)	(3,979)
Other (expense) income, net	(46)	6	(40)	(17)
Loss before taxes	(1,626)	(3,729)	(2,245)	(3,996)
Benefit from income taxes	(633)	(1,460)	(892)	(1,574)
Net loss	\$ (993)	\$ (2,269)	\$ (1,353)	\$ (2,422)
Basic loss per share	\$ (.17)	\$ (.38)	\$ (.23)	\$ (.39)
Weighted average				
basic shares outstanding	5,787	5,969	5,804	6,193
Diluted loss per share	\$ (.17)	\$ (.38)	\$ (.23)	\$ (.39)
Weighted average				
diluted shares outstanding	5,787	5,969	5,804	6,193

As noted above, the Company has changed its reporting of PEO revenues to a net basis. A reconciliation of the restated amounts to the amounts previously reported is as follows.

	(Unaudited)		
	Fourth	(Unaudited)	
	Quarter Ended	Year Ended	
	December 31,	December 31,	
	2001	2002	2001
Revenues:			
Restated professional			
employer service fees	\$3,889	\$12,558	\$16,281
Adjustment	18,437	61,394	77,272
Professional employer services,			
as previously reported	\$22,326	\$73,952	\$93,553
Cost of revenues:			
Restated direct payroll costs	\$20,931	\$71,515	\$90,750
Adjustment	18,437	61,394	77,272
Direct payroll costs,			
as previously reported	\$39,368	\$132,909	\$168,022

As a result of the Company's adoption of Statement of Financial Accounting

Standard No. 142 - Goodwill and Other Intangible Assets, as of January 1, 2002, the Company ceased the amortization of goodwill. Operating results for the fourth quarter and the full year of 2001 included \$454,000 and \$1,783,000 of goodwill amortization, respectively.

William W. Sherertz, President and Chief Executive Officer, commented that: "In spite of the reduction in workers' compensation expense in the 2002 fourth quarter both in terms of dollars and as a percent of revenues, as compared to last year, we continue to be negatively affected by significantly higher claims costs in California. On a positive note, our strengthened branch management team is beginning to achieve increases in market share leading to improved revenue trends thus far in 2003, particularly in California."

The Company also announced that it has reached an agreement in principle with its primary bank in connection with the scheduled renewal of its existing credit facility on April 30, 2003.

The following summarizes the unaudited balance sheets at December 31, 2002 and December 31, 2001.

	December 31, 2002	December 31, 2001
(\$ in thousands)		
Assets		
Current assets:		
Cash and cash equivalents	\$96	\$1,142
Income taxes receivable	1,923	--
Trade accounts receivable, net	11,357	13,760
Prepaid expenses and other	1,040	1,022
Deferred tax assets	2,111	2,841
Total current assets	16,527	18,765
Goodwill, net	18,749	18,749

Intangibles, net	59	129
Property, equipment and software, net	5,167	6,084
Restricted marketable securities		
and workers' compensation deposits	4,286	5,425
Deferred tax assets	1,445	2,268
Other assets	1,064	1,146
	\$47,297	\$52,566

Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$434	\$708
Line of credit payable	3,513	3,424
Accounts payable	834	686
Accrued payroll, payroll taxes		
and related benefits	4,897	5,165
Workers' compensation claim		
and safety incentive liabilities	4,309	5,735
Other accrued liabilities	305	389
Total current liabilities	14,292	16,107
Long-term debt, net of current portion	488	922
Customer deposits	443	520
Long-term workers' compensation		
liabilities	2,492	3,515
Other long-term liabilities	797	968
Stockholders' equity	28,785	30,534
	\$47,297	\$52,566

On March 20, 2003, at 10:00 a.m. Pacific Time, William W. Sherertz will host an investor telephone conference call to discuss fourth quarter 2002 operating results. To participate in the call, dial 877-356-3717 shortly before 10:00 a.m. Pacific Time on March 20, 2003. A recording of the call will be available beginning March 20, 2003 at 12 noon and ending March 27, 2003 at 12 midnight. To listen to the recording, dial 800-642-1687 and enter conference identification code 9327905.

Barrett Business Services, Inc. is a human resource management company with offices in seven states, which serve customers in approximately 15 states.

Statements in this release about future events or performance are forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Factors that could affect future results include economic conditions in the Company's service areas, the effect of changes in the Company's mix of services on gross margin, future workers' compensation claims experience, collectibility of accounts receivable, and availability of funding for working capital purposes, among others. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements may be less reliable than historical information.

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