

February 9, 2011



BBSI Announces Fourth Quarter 2010 Operating Results, Financial Guidance for 1Q11 and Conference Call

VANCOUVER, Wash., Feb. 9, 2011 (GLOBE NEWSWIRE) -- Barrett Business Services, Inc. (Nasdaq:BBSI) reported today net income of \$3.1 million for the fourth quarter ended December 31, 2010 compared to net income of \$2.2 million for the fourth quarter of 2009. Diluted earnings per share for the 2010 fourth quarter were \$.31, as compared to diluted earnings per share of \$.21 for the same quarter a year ago.

Net revenues for the fourth quarter ended December 31, 2010 totaled \$73.6 million, an increase of approximately \$11.0 million or 17.4% over the \$62.6 million for the same quarter in 2009.

(in thousands, except per share amounts)	(Unaudited)		
	Fourth Quarter Ended	December 31,	
	2010	2009	
Results of Operations			
Revenues:			
Staffing services	\$ 32,747	\$ 30,931	\$ 125
Professional employer service fees	40,808	31,698	
Total revenues	73,555	62,629	
Cost of revenues:			
Direct payroll costs	24,920	23,388	
Payroll taxes and benefits	24,670	19,617	
Workers' compensation	10,353	7,636	
Total cost of revenues	59,943	50,641	
Gross margin	13,612	11,988	
Selling, general and administrative expenses	9,642	8,689	
Depreciation and amortization	344	423	
Income (loss) from operations	3,626	2,876	
Other income, net	758	267	
Income (loss) before taxes	4,384	3,143	
Provision for (benefit from) income taxes	1,236	950	
Net income (loss)	\$ 3,148	\$ 2,193	\$ 7
Basic income (loss) per share	\$.31	\$.21	\$
Weighted average basic shares outstanding	10,202	10,480	
Diluted income (loss) per share	\$.31	\$.21	\$
Weighted average diluted shares outstanding	10,260	10,497	

The Company reports its Professional Employer Organization services ("PEO") revenues on a net basis because it is not the primary obligor for the services provided by the Company's PEO clients to their customers. The gross revenues and cost of revenues information below, although not in accordance with generally accepted accounting principles ("GAAP"), is presented for comparison purposes and because management believes such information is more informative as to the level of the Company's business activity and more useful in managing its operations.

(in thousands)	(Unaudited) Fourth Quarter Ended December 31,		
	2010	2009	2010
Revenues:			
Staffing services	\$ 32,747	\$ 30,931	\$ 125,738
Professional employer services	311,495	239,884	1,111,052
Total revenues	344,242	270,815	1,236,790
Cost of revenues:			
Direct payroll costs	294,058	230,359	1,053,748
Payroll taxes and benefits	24,671	19,617	96,661
Workers' compensation	11,901	8,851	41,591
Total cost of revenues	330,630	258,827	1,192,000
Gross margin	\$ 13,612	\$ 11,988	\$ 44,790

Gross revenues of \$344.2 million for the fourth quarter ended December 31, 2010 increased 27.1% over the similar period in 2009.

A reconciliation of non-GAAP gross revenues to net revenues is as follows:

For the fourth quarters ended December 31, 2010 and 2009:

(in thousands)	Gross Revenue Reporting Method			Recla
	2010	2009	2010	
Revenues:				
Staffing services	\$ 32,747	\$ 30,931	\$ --	\$
Professional employer services	311,495	239,884	(270,687)	(20
Total revenues	\$ 344,242	\$ 270,815	\$ (270,687)	\$ (208,1
Cost of revenues	\$ 330,630	\$ 258,827	\$ (270,687)	\$ (208,1

For the years ended December 31, 2010 and 2009:

(in thousands)	Gross Revenue Reporting Method			R
	2010	2009	2010	
Revenues:				
Staffing services	\$ 125,738	\$ 116,155	\$ --	
Professional employer services	1,111,052	903,731	(963,667)	
Total revenues	\$ 1,236,790	\$ 1,019,886	\$ (963,667)	\$ (7
Cost of revenues	\$ 1,192,000	\$ 994,291	\$ (963,667)	\$ (7

The following summarizes the unaudited consolidated balance sheets at December 31, 2010 and December 31, 2009.

December 31,	December 31,	(in thousands)	
		Assets	
		Current assets:	
		Cash and cash equivalents	\$ 30,
		Marketable securities	24
		Trade accounts receivable, net	37
		Income taxes receivable	

Prepaid expenses and other	1
Deferred income taxes	5
Total current assets	100
Marketable securities	5
Property, equipment and software, net	15
Restricted marketable securities and workers' compensation deposits	8
Other assets	3
Workers' compensation receivables for insured claims	3
Goodwill, net	47
	\$ 185,1
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$
Accrued payroll, payroll taxes and related benefits	37
Other accrued liabilities	
Workers' compensation claims liabilities	11,
Safety incentives liabilities	5
Total current liabilities	55
Long-term workers' compensation claims liabilities	16,
Long-term workers' compensation liabilities for insured claims	2
Deferred income taxes	8
Customer deposits and other long-term liabilities	1
Stockholders' equity	100
	\$ 185,1

Outlook for First Quarter 2011

The Company also disclosed today limited financial guidance with respect to its operating results for the first quarter ending March 31, 2011. The Company expects gross revenues for the first quarter of 2011 to range from \$320 million to \$325 million, as compared to \$262.6 million for the first quarter of 2010, and anticipates diluted earnings for the first quarter of 2011 to range from \$.50 to \$.54 per share, as compared to a diluted loss per share of \$.16 for the same period a year ago. The anticipated diluted earnings per share for the 2011 first quarter includes expected proceeds of \$10 million from key man life insurance coverage the Company carried with respect to William W. Sherertz, the Company's President and CEO, who passed away January 20, 2011. Without the effect of the life insurance proceeds, the estimated diluted loss per share for the 2011 first quarter is \$.19 to \$.22 which is consistent with historical first quarter losses. A reconciliation of estimated gross revenues to estimated GAAP net revenues for the first quarter of 2011 is not included because PEO revenues and cost of PEO revenues for the period are not reasonably estimable.

Conference Call

On Thursday, February 10 at 9:00 a.m. Pacific Time, Tony Meeker, Michael Elich and James Miller will host an investor telephone conference call to discuss fourth quarter 2010 operating results. To participate in the call, dial (877) 214-1511. The call identification number is 42072859. The conference call will also be webcast live at www.barrettbusiness.com. To access the webcast, click on the Investor Relations section of the Web site and select Webcast. A replay of the call will be available beginning Thursday, February 10, 2011 at 12:00 p.m. PT and ending on Thursday, February 17, 2011. To listen to the recording, dial (800) 642-1687 and enter conference identification code 42072859.

Statements in this release about future events or performance, including gross revenues and earnings expectations for the first quarter of 2011, 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, the Company's ability to retain current customers and attract new customers, future workers' compensation claims experience, the effect of changes in the workers' compensation regulatory environment in one or more of the Company's primary markets, the collectibility of accounts receivable, and the effect of conditions in the global capital markets on the Company's investment portfolio, among others. Other important factors that may affect the Company's future prospects are described in the Company's 2009 Annual Report on Form 10-K. 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. The Company undertakes no obligation to update or revise forward-looking statements in this release to reflect events or changes in circumstances that occur after the date of this release.

BBSI provides a comprehensive range of human resource management solutions to large and small companies throughout many regions of the United States.

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