

August 1, 2001



Barrett Business Services, Inc. Announces Second Quarter 2001 Operating Results and Schedules Investor Conference Call

PORTLAND, Ore., Aug. 1 /PRNewswire/ --

Barrett Business Services, Inc. (Nasdaq: BBSI) reported today a net loss of \$184,000 for the second quarter ended June 30, 2001, a decline of \$978,000 from net income of \$794,000 for the second quarter of 2000. Basic and diluted net loss per share for the 2001 second quarter were \$.03, as compared to basic and diluted earnings of \$.11 for the 2000 second quarter. Revenues for the second quarter ended June 30, 2001 totaled \$52.6 million, a decrease of approximately \$33.9 million or 39.2% from the \$86.5 million for the same quarter in 2000.

	(Unaudited)		(Unaudited)	
	Second Quarter Ended		Six Months Ended	
	June 30,		June 30,	
Results of Operations	2001	2000	2001	2000
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$29,949	\$51,698	\$61,221	\$99,465
Professional employer services	22,602	34,804	46,483	74,159
Total revenues	52,551	86,502	107,704	173,624
Cost of revenues:				
Direct payroll costs	40,623	67,155	83,383	135,159
Payroll taxes and benefits	4,309	7,306	9,183	15,224
Workers' compensation	2,441	3,263	4,618	5,860

Total cost of revenues	47,373	77,724	97,184	156,243
Gross margin	5,178	8,778	10,520	17,381
Selling, general and administrative expenses	4,652	6,464	9,528	12,949
Depreciation and amortization	822	822	1,651	1,553
(Loss) income from operations	(296)	1,492	(659)	2,879
Other expense, net	(15)	(151)	(8)	(283)
(Loss) income before taxes	(311)	1,341	(667)	2,596
(Benefit from) provision for income taxes	(127)	547	(272)	1,058
Net (loss) income	\$ (184)	\$ 794	\$ (395)	\$ 1,538
Basic (loss) earnings per share	\$ (.03)	\$.11	\$ (.06)	\$.21
Weighted average basic shares outstanding	6,252	7,416	6,326	7,438
Diluted (loss) earnings per share	\$ (.03)	\$.11	\$ (.06)	\$.21
Weighted average diluted shares outstanding	6,252	7,459	6,326	7,484

William W. Sherertz, President and Chief Executive Officer, commented

that: "Our decline in revenues and operating results continue to reflect the current downturn in economic conditions, which has affected most of our customers. While these results are disappointing, we reduced second quarter SG&A expenses by 28% compared to a year ago. In addition, we were cash flow positive for the six months ended June 30, which is a significant accomplishment, in view of a 38% decline in revenues. Our long-term debt to equity ratio also compares quite favorably to other companies in our industry."

Results for the second quarter of 2001 were also negatively affected by an increase in workers' compensation expense, in terms of a percentage of

revenues, which increased from 3.8% of revenues in the second quarter of 2000 to 4.6% of revenues in 2001 due to higher estimates for the cost of claims.

The following summarizes the unaudited balance sheets at June 30, 2001 and December 31, 2000.

(\$ in thousands)	June 30, December 31,	
	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	\$697	\$516
Trade accounts receivable, net	15,903	20,660
Prepaid expenses and other	1,685	1,222
Deferred tax assets	2,386	2,702
Total current assets	20,671	25,100
Intangibles, net	19,909	20,982
Property, equipment and software, net	6,547	7,177
Restricted marketable securities and workers' compensation deposits	4,174	4,254
Unrestricted marketable securities	1,311	1,386
Deferred tax assets	1,039	839
Other assets	1,321	1,374
	\$54,972	\$61,112
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$1,056	\$2,939
Line of credit payable	2,824	2,628
Accounts payable	551	1,013
Accrued payroll, payroll taxes and related benefits	7,756	7,893
Workers' compensation claim and safety incentive liabilities	5,187	5,274
Other accrued liabilities	531	1,622

Total current liabilities	17,905	21,369
Long-term debt, net of current portion	372	1,508
Customer deposits	488	614
Long-term workers' compensation liabilities	674	682
Other long-term liabilities	2,045	2,022
Stockholders' equity	33,488	34,917
	\$54,972	\$61,112

On Thursday, August 2, 2001, at 8:00 a.m. Pacific Time, William W. Sherertz will host an investor telephone conference call to discuss second quarter 2001 operating results. To participate in the call, dial 1-800-399-3080 shortly before 8:00 a.m. Pacific Time on Thursday, August 2, 2001. A recording of the call will be available beginning Thursday, August 2, 2001 at 12 noon and ending Thursday, August 9, 2001 at 12 noon. To listen to the recording, dial 1-800-642-1687 and enter conference identification code 1501408.

Barrett Business Services, Inc. is a human resource management company with offices in ten states serving customers throughout 22 states. For 2000, Barrett reported revenues of \$322.5 million and net income of \$2.1 million.

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, and future workers' compensation claims experience, 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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