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Barrett Business Services, Inc. Announces Expectations of Lower Comparable Operating Results for Second Quarter of 2000

PORTLAND, Ore., July 20 /PRNewswire/ --

Barrett Business Services, Inc. (Nasdaq: BBSI) announced today that it expects to report operating results for the second quarter ended June 30, 2000 that are lower than those for the comparable 1999 quarter. The anticipated results are attributable primarily to a slowing in the Company's revenue growth rate compared to recent quarters, combined with higher workers' compensation expense, depreciation and amortization, and interest expense.

The Company's revenue growth rate was affected by a new, comprehensive pre-employment screening system, which helps ensure that applicants are appropriately qualified. Although the new pre-employment screening system may temporarily reduce revenues, management believes that in the long term the system will enhance the quality of its employees and thus strengthen its competitive position in a low unemployment economy. Management has increased the Company's rates for services to reflect the continuing imbalance between the demand for and supply of qualified employees for its customers.

The increase in workers' compensation expense over the same quarter a year ago was due to an increase in the expected total costs of claims and an increase in the number of claims. Higher comparable depreciation and amortization expense was due to a May 1999 acquisition, combined with costs associated with the Company's new information system, which was completed in

the first quarter of 2000. The increase in net interest expense was attributable to higher debt levels necessary to finance three 1999 acquisitions.

Management expects the Company's net earnings per diluted share for the second quarter ended June 30, 2000 to range from \$.10 to \$.12, as compared to \$.16 for the same quarter last year. The Company anticipates that its second quarter 2000 operating results will be reported on August 2, 2000.

Barrett Business Services is a human resource management company with offices in ten states. For 1999, Barrett reported net income of \$5.1 million and revenues of \$347.9 million.

Statements above 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.

SOURCE Barrett Business Services, Inc.

Web site: <http://www.barrettbusiness.com>

Company News On-Call: <http://www.prnewswire.com/comp/082187.html> or fax, 800-758-5804, ext. 082187

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