

November 1, 2000



Barrett Business Services, Inc. Announces Third Quarter Earnings

PORTLAND, Ore., Nov. 1 /PRNewswire/ -- Barrett Business Services, Inc.

(Nasdaq: BBSI) reported today net income of \$500,000 for the third quarter ended September 30, 2000, a decrease of \$1,335,000 or 72.8% from the third quarter of 1999. Basic and diluted earnings per share for the 2000 third quarter were \$.07, as compared to basic and diluted earnings per share of \$.24 for the 1999 third quarter. The operating results reported for the third quarter ended September 30, 2000 were consistent with the Company's expectations reported on October 23, 2000.

The decrease in net income compared to the same period a year ago was attributable primarily to a decline in the Company's revenues, combined with higher workers' compensation expense and depreciation and amortization, offset in part by lower selling, general and administrative expenses. Revenues for the third quarter ended September 30, 2000 totaled \$80.7 million, a decrease of approximately \$15.2 million or 15.8% from the \$95.9 million for the same quarter in 1999.

The Company's revenues continue to be adversely affected by the reduced availability of qualified employees in a low unemployment economy, as well as the Company's decision to terminate its relationship with certain customers due to unacceptable profit margins or risks associated with credit or workplace safety. In an effort to improve future operating results, management is continuing to increase the Company's rates for services to reflect the current imbalance between the demand for and supply of qualified

employees for its customers. In addition, selling, general and administrative expenses for the 2000 third quarter were reduced by 14% compared to the same quarter a year ago.

The Company attributed the increase in workers' compensation expense in the 2000 third quarter over the same quarter a year ago to an increase in the expected total costs of claims. Higher comparable depreciation and amortization expense was due to costs associated with the Company's new information system, which was implemented in the first quarter of 2000.

(in thousands, except per share amounts)	(Unaudited)		(Unaudited)	
	Third Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
Results of Operations	2000	1999	2000	1999
Revenues:				
Staffing services	\$49,881	\$56,434	\$149,346	\$139,848
Professional employer services	30,863	39,441	105,022	111,749
Total revenues	80,744	95,875	254,368	251,597
Cost of revenues:				
Direct payroll costs	62,865	74,285	198,024	195,025
Payroll taxes and benefits	6,564	7,620	21,788	21,013
Workers' compensation and safety incentives	3,401	3,022	9,261	8,157
Total cost of revenues	72,830	84,927	229,073	224,195
Gross margin	7,914	10,948	25,295	27,402
Selling, general and administrative expenses	6,128	7,116	19,077	19,376
Depreciation and amortization	820	532	2,373	1,339
Income from operations	966	3,300	3,845	6,687
Other (expense) income, net	(122)	(138)	(405)	(80)
Income before taxes	844	3,162	3,440	6,607
Provision for income taxes	344	1,327	1,402	2,817
Net income	\$500	\$1,835	\$2,038	\$3,790

Basic earnings per share	\$.07	\$.24	\$.28	\$.50
Weighted average basic shares				
outstanding	7,236	7,581	7,371	7,609
Diluted earnings per share	\$.07	\$.24	\$.27	\$.50
Weighted average diluted shares				
outstanding	7,276	7,634	7,415	7,655

Certain 1999 amounts have been reclassified to conform with the 2000 presentation. Such reclassifications had no impact on gross margin, net income or stockholders' equity.

The following summarizes the unaudited balance sheets at September 30, 2000 and December 31, 1999.

(\$ in thousands)	September 30, 2000	December 31, 1999
Assets		
Current assets:		
Cash and cash equivalents	\$351	\$550
Trade accounts receivable, net	25,967	30,216
Prepaid expenses and other	863	1,219
Deferred tax assets	2,875	1,658
Total current assets	30,056	33,643
Intangibles, net	20,434	21,945
Property, equipment and software, net	7,332	7,027
Restricted marketable securities and workers'		
compensation deposits	4,400	6,281
Unrestricted marketable securities	1,559	--
Deferred tax assets	818	712
Other assets	1,392	1,132
	\$65,991	\$70,740
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable	\$--	\$865
Current portion of long-term debt	2,748	2,783

Line of credit payable	2,915	4,882
Income taxes payable	268	--
Accounts payable	1,073	1,356
Accrued payroll, payroll taxes and related benefits	10,166	11,437
Workers' compensation claim and safety incentive liabilities	4,718	4,219
Other accrued liabilities	1,099	413
Total current liabilities	22,987	25,955
Long-term debt, net of current portion	2,408	4,232
Customer deposits	658	815
Long-term workers' compensation liabilities	687	699
Other long-term liabilities	1,949	1,710
Stockholders' equity	37,302	37,329
	\$65,991	\$70,740

Barrett Business Services, Inc. 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 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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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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