

February 5, 2004



## Barrett Business Services, Inc. Announces Fourth Quarter 2003 Operating Results and Schedules Investor Conference Call

PORTLAND, Ore., Feb. 5 /PRNewswire-FirstCall/ -- Barrett Business

Services, Inc. (Nasdaq: BBSI) reported today net income of \$1,318,000 for the fourth quarter ended December 31, 2003, an improvement of \$2.3 million over a net loss of \$993,000 for the fourth quarter of 2002. Diluted income per share for the 2003 fourth quarter was \$.22, as compared to a diluted loss per share of \$(.17) for the 2002 fourth quarter.

Net revenues for the fourth quarter ended December 31, 2003 totaled \$36.6 million, an increase of approximately \$10.9 million or 42.5% over the \$25.7 million for the same quarter in 2002. Total net revenues for 2003 amounted to \$122.7 million, an increase of 12.3% over 2002.

	(Unaudited)		(Unaudited)	
	Fourth Quarter Ended		Year Ended	
	December 31,		December 31,	
Results of Operations	2003	2002	2003	2002
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$ 23,661	\$ 22,561	\$ 93,544	\$ 96,750
Professional employer service fees	12,988	3,153	29,177	12,558
Total revenues	36,649	25,714	122,721	109,308
Cost of revenues:				
Direct payroll costs	17,482	16,674	69,099	71,515

Payroll taxes and				
benefits	8,545	3,223	22,916	14,062
Workers' compensation	3,425	3,364	9,333	8,766
Total cost of				
revenues	29,452	23,261	101,348	94,343
Gross margin	7,197	2,453	21,373	14,965
Selling, general and				
administrative				
expenses	5,139	3,753	17,186	16,008
Depreciation and				
amortization	251	280	1,058	1,162
Income (loss) from				
operations	1,807	(1,580)	3,129	(2,205)
Other (expense)				
income, net	(18)	(46)	(154)	(40)
Income (loss) before				
taxes	1,789	(1,626)	2,975	(2,245)
Provision for (benefit				
from) income taxes	471	(633)	890	(892)
Net income (loss)	\$1,318	\$ (993)	\$2,085	\$ (1,353)
Basic income (loss)				
per share	\$.23	\$ (.17)	\$.36	\$ (.23)
Weighted average basic				
shares outstanding	5,660	5,787	5,690	5,804
Diluted income (loss)				
per share	\$.22	\$ (.17)	\$.35	\$ (.23)
Weighted average diluted				
shares outstanding	6,088	5,787	5,876	5,804

The Company changed its reporting of PEO revenues from a gross basis to a net basis in 2002 because it was determined that the Company was not the primary obligor for the services provided by employees pursuant to its PEO contracts. 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)		(Unaudited)	
	Fourth Quarter Ended		Year Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
Revenues:				
Staffing services	\$23,661	\$22,561	\$93,544	\$96,750
Professional employer services	77,366	18,683	173,134	73,952
Total revenues	\$101,027	\$ 41,244	\$266,678	\$170,702
Cost of revenues:				
Direct payroll costs	\$ 80,510	\$ 32,204	\$210,785	\$132,909
Payroll taxes and benefits	8,545	3,223	22,916	14,062
Workers' compensation	4,775	3,364	11,604	8,766
Total cost of revenues	93,830	38,791	245,305	155,737
Gross margin	\$7,197	\$2,453	\$ 21,373	\$14,965

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

For the fourth quarters ended December 31, 2003 and 2002 (in thousands):

	Gross Revenue				Net Revenue	
	Reporting Method		Reclassification		Reporting Method	
	2003	2002	2003	2002	2003	2002
Revenues:						
Staffing services	\$23,661	\$22,561	\$--	\$--	\$23,661	\$22,561
Professional employer						

services	77,366	18,683	(64,378)	(15,530)	12,988	3,153
Total						
revenues	\$101,027	\$41,244	\$(64,378)	\$(15,530)	\$36,649	\$25,714
Cost of						
revenues:	\$93,830	\$38,791	\$(64,378)	\$(15,530)	\$29,452	\$23,261
For the years ended December 31, 2003 and 2002 (in thousands):						
	Gross Revenue				Net Revenue	
	Reporting Method		Reclassification		Reporting Method	
	2003	2002	2003	2002	2003	2002
Revenues:						
Staffing						
services	\$93,544	\$96,750	\$--	\$--	\$93,544	\$96,750
Professional						
employer						
services	173,134	73,952	(143,957)	(61,394)	29,177	12,558
Total						
revenues	\$266,678	\$170,702	\$(143,957)	\$(61,394)	\$122,721	\$109,308
Cost of						
revenues:	\$245,305	\$155,737	\$(143,957)	\$(61,394)	\$101,348	\$94,343

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

that: "We are very pleased with achieving a new milestone for the Company with \$101 million in total gross revenues for the fourth quarter. We believe that the momentum generated by our expanding customer base portends improved operating results in 2004."

The following summarizes the unaudited balance sheets at December 31, 2003 and December 31, 2002.

(\$ in thousands)	December 31, 2003	December 31, 2002
Assets		
Current assets:		
Cash and cash equivalents	\$7,785	\$96
Income taxes receivable	--	1,923

Trade accounts receivable, net	18,381	11,357
Prepaid expenses and other	958	1,040
Deferred income taxes	2,125	2,111
Total current assets	29,249	16,527
Goodwill, net	18,749	18,749
Intangibles, net	13	59
Property, equipment and software, net	3,367	5,167
Restricted marketable securities and workers' compensation deposits	1,647	4,286
Deferred income taxes	1,041	1,445
Other assets	436	1,064
	\$54,502	\$47,297
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$88	\$434
Line of credit payable	--	3,513
Income taxes payable	297	--
Accounts payable	727	834
Accrued payroll, payroll taxes and related benefits	13,881	4,897
Workers' compensation claims liabilities	3,555	3,903
Safety incentives payable	2,007	406
Other accrued liabilities	361	305
Current portion of deferred gain on sale and leaseback	122	--
Total current liabilities	21,038	14,292
Long-term debt, net of current portion	400	488
Customer deposits	455	443
Long-term workers' compensation claims liabilities	1,031	2,492
Other long-term liabilities	45	797
Long-term deferred gain on sale and leaseback	1,036	--
Stockholders' equity	30,497	28,785

On February 6, 2004 at 9:00 a.m. Pacific Time, William W. Sherertz and Michael D. Mulholland will host an investor telephone conference call to discuss fourth quarter 2003 operating results. To participate in the call, dial 877-356-3717 shortly before 9:00 a.m. Pacific Time on February 6, 2004.

The call identification number is 5399009. A recording of the call will be available beginning February 6, 2004 at 11:00 a.m. and ending February 13, 2004. To listen to the recording, dial 800-642-1687 and enter conference identification code 5399009.

Barrett Business Services, Inc. is a human resource management company with offices in eight states, which serve customers in approximately 18 states.

Statements in this release about future events or performance, including earnings expectations for 2004, 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. Other important factors that may affect the Company's future prospects are described in the Company's 2002 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.

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