

July 31, 2002



## Barrett Business Services, Inc. Announces Second Quarter 2002 Operating Results and Schedules Investor Conference Call

PORTLAND, Ore., July 31 /PRNewswire-FirstCall/ -- Barrett Business

Services, Inc. (Nasdaq: BBSI) reported today net income of \$1,000 for the second quarter ended June 30, 2002, an improvement of \$185,000 from a net loss of \$184,000 for the second quarter of 2001 and a \$418,000 improvement over the first quarter of 2002. Cash flow per share (defined as net income (loss) plus depreciation and amortization divided by weighted average diluted shares outstanding) for the 2002 second quarter totaled a positive \$.05, as compared to a positive \$.10 for the same quarter a year ago.

Revenues for the second quarter ended June 30, 2002 totaled \$42.8 million, a decrease of approximately \$9.8 million or 18.5% from the \$52.6 million for the same quarter in 2001. Revenues for the second quarter of 2002 increased \$1.8 million or 4.4% over the \$41.0 million for the first quarter of 2002.

Results of Operations	(Unaudited)		(Unaudited)	
	Second Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$24,684	\$29,949	\$47,254	\$ 61,221
Professional employer				
services	18,164	22,602	36,559	46,483
Total revenues	42,848	52,551	83,813	107,704
Cost of revenues:				

Direct payroll costs	33,257	40,623	65,118	83,383
Payroll taxes and benefits	3,520	4,309	7,212	9,183
Workers' compensation	1,719	2,441	3,344	4,618
Total cost of revenues	38,496	47,373	75,674	97,184
Gross margin	4,352	5,178	8,139	10,520
Selling, general and administrative expenses	4,072	4,652	8,271	9,528
Depreciation and amortization	288	822	600	1,651
Loss from operations	(8)	(296)	(732)	(659)
Other income (expense), net	9	(15)	20	(8)
Income (loss) before taxes	1	(311)	(712)	(667)
Benefit from income taxes	--	(127)	(296)	(272)
Net income (loss)	\$1	\$ (184)	\$ (416)	\$ (395)
Basic income (loss) per share	\$--	\$ (.03)	\$ (.07)	\$ (.06)
Weighted average basic shares outstanding	5,806	6,252	5,814	6,326
Diluted income (loss) per share	\$--	\$ (.03)	\$ (.07)	\$ (.06)
Weighted average diluted shares outstanding	5,826	6,252	5,814	6,326
Cash flow per share	\$.05	\$.10	\$.03	\$.20

As a result of the Company's adoption of Statement of Financial Accounting Standard No. 142 - Goodwill and Other Intangible Assets as of January 1, 2002, the Company has ceased the amortization of goodwill. Operating results for the second quarter and the first six months of 2001 included \$444,000 and \$882,000 of goodwill amortization, respectively.

William W. Sherertz, President and Chief Executive Officer, commented that: "We are guardedly optimistic about the significance of the sequential growth in quarterly revenues, as compared to the first quarter and we are very pleased with a positive EBITDA of \$340,000 for the second quarter of 2002, which represents a \$695,000 improvement over the first quarter of 2002. We

expect cash flow to continue to improve and we are confident that a new bank-credit facility will be in place in the near future."

The following summarizes the unaudited balance sheets at June 30, 2002 and December 31, 2001.

	(\$ in thousands)	
	June 30,	December 31,
	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	\$580	\$1,142
Trade accounts receivable, net	13,274	13,760
Prepaid expenses and other	1,347	1,022
Deferred tax assets	3,225	2,841
Total current assets	18,426	18,765
Intangibles, net	18,832	18,878
Property, equipment and software, net	5,583	6,084
Restricted marketable securities		
and workers' compensation deposits	5,086	5,425
Deferred tax assets	1,694	2,268
Other assets	1,067	1,146
	\$50,688	\$52,566
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$139	\$708
Line of credit payable	3,609	3,424
Accounts payable	846	686
Accrued payroll, payroll taxes		
and related benefits	5,981	5,165
Workers' compensation claim and		
safety incentive liabilities	3,851	5,735
Other accrued liabilities	711	389
Total current liabilities	15,137	16,107

Long-term debt, net of current portion	808	922
Customer deposits	451	520
Long-term workers' compensation liabilities	3,505	3,515
Other long-term liabilities	886	968
Stockholders' equity	29,901	30,534
	\$50,688	\$52,566

On Thursday, August 1, 2002, at 2:00 p.m. Pacific Time, William W.

Sherertz will host an investor telephone conference call to discuss second quarter 2002 operating results. To participate in the call, dial 800-399-3080 shortly before 2:00 p.m. Pacific Time on August 1, 2002. A recording of the call will be available beginning August 1, 2002 at 5:00 p.m. and ending August 8, 2002 at 12 midnight. To listen to the recording, dial 800-642-1687 and enter conference identification code 5138792.

Barrett Business Services, Inc. is a human resource management company with offices in eight states which serve customers in approximately 15 states. 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, future workers' compensation claims experience, collectibility of accounts receivable, and availability of funding for working capital purposes, 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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