

October 30, 2002



Barrett Business Services, Inc. Announces Third Quarter 2002 Operating Results And Schedules Investor Conference Call

PORTLAND, Ore., Oct. 30 --

Barrett Business Services, Inc. (Nasdaq: BBSI) reported today net income of \$56,000 for the third quarter ended September 30, 2002, a decline of \$186,000 from net income of \$242,000 for the third quarter of 2001. Net income for the third quarter of 2002 represented a \$55,000 improvement over the second 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 third quarter totaled a positive \$.06, as compared to \$.05 for the second quarter of 2002.

Revenues for the third quarter ended September 30, 2002 totaled \$45.6 million, a decrease of approximately \$12.7 million or 21.8% from the \$58.3 million for the same quarter in 2001. Revenues for the third quarter of 2002 increased \$2.8 million or 6.5% over the \$42.8 million for the second quarter of 2002.

	(Unaudited)		(Unaudited)	
	Third Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
Results of Operations	2002	2001	2002	2001
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$26,935	\$33,538	\$74,189	\$94,759
Professional employer services	18,710	24,744	55,269	71,227

Total revenues	45,645	58,282	129,458	165,986
Cost of revenues:				
Direct payroll costs	35,587	45,271	100,705	128,654
Payroll taxes and benefits	3,627	4,611	10,839	13,794
Workers' compensation	2,058	2,426	5,402	7,044
Total cost of revenues	41,272	52,308	116,946	149,492
Gross margin	4,373	5,974	12,512	16,494
Selling, general and administrative expenses	3,984	4,741	12,255	14,269
Depreciation and amortization	282	818	882	2,469
Income (loss) from operations	107	415	(625)	(244)
Other (expense) income, net	(14)	(15)	6	(23)
Income (loss) before taxes	93	400	(619)	(267)
Provision for (benefit from) income taxes	37	158	(259)	(114)
Net income (loss)	\$56	\$242	\$ (360)	\$ (153)
Basic income (loss) per share	\$.01	\$.04	\$ (.06)	\$ (.02)
Weighted average basic shares outstanding	5,804	6,152	5,810	6,268
Diluted income (loss) per share	\$.01	\$.04	\$ (.06)	\$ (.02)
Weighted average diluted shares outstanding	5,816	6,180	5,810	6,268
Cash flow per share	\$.06	\$.17	\$.09	\$.37

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 third quarter and the first nine months of 2001 included \$446,000 and \$1,328,000 of goodwill amortization, respectively.

William W. Sherertz, President and Chief Executive Officer, commented that: "We are moderately pleased with sequential growth for the second consecutive quarter for revenues, net income, cash flow per share and EBITDA."

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

(\$ in thousands)

	Sept. 30, 2002	Dec. 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$720	\$1,142
Trade accounts receivable, net	12,794	13,760
Prepaid expenses and other	1,182	1,022
Deferred tax assets	3,153	2,841
Total current assets	17,849	18,765
Intangibles, net	18,820	18,878
Property, equipment and software, net	5,359	6,084
Restricted marketable securities and workers' compensation deposits	4,318	5,425
Deferred tax assets	1,694	2,268
Other assets	1,009	1,146
	\$49,049	\$52,566
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$447	\$708
Line of credit payable	3,576	3,424
Accounts payable	641	686
Accrued payroll, payroll taxes and related benefits	5,892	5,165
Workers' compensation claim and safety incentive liabilities	2,912	5,735
Other accrued liabilities	452	389
Total current liabilities	13,920	16,107
Long-term debt, net of current portion	487	922
Customer deposits	434	520
Long-term workers' compensation liabilities	3,501	3,515

Other long-term liabilities	808	968
Stockholders' equity	29,899	30,534
	\$49,049	\$52,566

On October 31, 2002, at 8:00 a.m. Pacific Time, William W. Sherertz will host an investor telephone conference call to discuss third quarter 2002 operating results. To participate in the call, dial 800-399-3080 shortly before 8:00 a.m. Pacific Time on October 31, 2002. A recording of the call will be available beginning October 31, 2002 at 11:00 a.m. and ending November 7, 2002 at 12 midnight. To listen to the recording, dial 800-642-1687 and enter conference identification code 6458333.

Barrett Business Services, Inc. is a human resource management company with offices in seven 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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