

October 26, 2010



# BBSI Announces Third Quarter 2010 Operating Results, Financial Guidance for 4Q10 and Conference Call

VANCOUVER, Wash., Oct. 26, 2010 (GLOBE NEWSWIRE) -- Barrett Business Services, Inc. (Nasdaq:BBSI) reported today net income of \$3.7 million for the third quarter ended September 30, 2010 compared to a net income of \$2.9 million for the third quarter of 2009. Diluted income per share for the 2010 third quarter was \$.36, as compared to diluted earnings per share of \$.28 for the same quarter a year ago.

Net revenues for the third quarter ended September 30, 2010 totaled \$73.9 million, an increase of approximately \$8.4 million or 12.8% over the \$65.5 million for the same quarter in 2009.

(Unaudited)		(Unaudited)	
(in thousands, except per share amounts)			
Third Quarter Ended			
September 30,	Nine Months Ended		
September 30,			
	Results of Operations	2010	
	Revenues:		
	Staffing services	\$ 33,954	\$ 33,
	Professional employer service fees	39,922	3
	Total revenues	73,876	6
	Cost of revenues:		
	Direct payroll costs	25,846	2
	Payroll taxes and benefits	24,501	2
	Workers' compensation	9,473	
	Total cost of revenues	59,820	5
	Gross margin	14,056	1
Selling, general and administrative expenses		9,156	
Depreciation and amortization		341	
Income (loss) from operations		4,559	
Other income, net		588	
Income (loss) before taxes		5,147	
Provision for (benefit from) income taxes		1,461	
Net income (loss)		\$ 3,686	\$ 2,
Basic income (loss) per share		\$ .36	\$
Weighted average basic shares outstanding		10,217	1
Diluted income (loss) per share		\$ .36	\$
Weighted average diluted shares outstanding		10,251	1

The Company reports its Professional Employer Organization services ("PEO") revenues on a net basis because it is not the primary obligor for the services provided by the Company's PEO clients to their customers. 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.

	(Unaudited)	(Unaudited)
		(in thousands)
Third Quarter Ended		
September 30, Nine Months Ended		
September 30,		
		20
	Revenues:	
	Staffing services	\$ 33,95
Professional employer services	298,941	239,8
	Total revenues	332,8
	Cost of revenues:	
	Direct payroll costs	283,4
	Payroll taxes and benefits	24,5
	Workers' compensation	10,91
	Total cost of revenues	318,8
	Gross margin	\$ 14,05

Gross revenues of \$332.9 million for the third quarter ended September 30, 2010 increased 21.9% over the similar period in 2009.

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

For the third quarters ended September 30, 2010 and 2009:

	(in thousands)	Gross Revenue	
Reporting Method		Reclassification	Net Revenue
Reporting Method			
		2010	2009
	Revenues:		
	Staffing services	\$ 33,954	\$ 33,180
Professional employer services	298,941		239,872
	Total revenues	\$ 332,895	\$ 273,052
	Cost of revenues	\$ 318,839	\$ 260,911
			\$ (259,019)

For the nine months ended September 30, 2010 and 2009:

	(in thousands)	Gross Revenue	
Reporting Method		Reclassification	Net Revenue
Reporting Method			
		2010	2009
	Revenues:		
	Staffing services	\$ 92,991	\$ 85,224
Professional employer services	799,557		663,847
	Total revenues	\$ 892,548	\$ 749,071
	Cost of revenues	\$ 861,370	\$ 735,464
			\$ (692,980)

The following summarizes the unaudited consolidated balance sheets at September 30, 2010 and December 31, 2009.

(in thousands)      September 30,  
2010      December 31,  
2009

	Assets
	Current assets:
	Cash and cash equivalents
	Marketable securities
	Trade accounts receivable, net
	Income taxes receivable
	Prepaid expenses and other
	Deferred income taxes
	Total current assets
	Marketable securities
	Property, equipment and software, net
Restricted marketable securities and workers' compensation deposits	
	Other assets
Workers' compensation receivables for insured claims	
	Goodwill, net
	Liabilities and Stockholders' Equity
	Current liabilities:
	Accounts payable
Accrued payroll, payroll taxes and related benefits	
	Other accrued liabilities
Workers' compensation claims liabilities	
	Safety incentives liabilities
	Total current liabilities
Long-term workers' compensation claims liabilities	
Long-term workers' compensation liabilities for insured claims	
	Deferred income taxes
Customer deposits and other long-term liabilities	
	Stockholders' equity

## Outlook for Fourth Quarter 2010

The Company also disclosed today limited financial guidance with respect to its operating results for the fourth quarter ending December 31, 2010. The Company expects gross revenues for the fourth quarter of 2010 to range from \$321 million to \$326 million, as compared to \$270.8 million for the fourth quarter of 2009, and anticipates diluted earnings for the fourth quarter of 2010 to range from \$.28 to \$.32 per share, as compared to diluted income per share of \$.21 for the same period a year ago. A reconciliation of estimated gross revenues to estimated GAAP net revenues for the fourth quarter of 2010 is not included because PEO revenues and cost of PEO revenues for the period are not reasonably estimable.

## Conference Call

On Wednesday, October 27 at 9:00 a.m. Pacific Time, William W. Sherertz and James D. Miller will host an investor telephone conference call to discuss third quarter 2010 operating results. To participate in the call, dial (877) 356-3717. The call identification number is 19477114. The conference call will also be webcast live at [www.barrettbusiness.com](http://www.barrettbusiness.com). To access the webcast, click on the Investor Relations section of the Web site and select Webcast. A replay of the call will be available beginning Wednesday, October 27, 2010 at 12:00 p.m. PT and ending on Wednesday, November 3, 2010. To listen to the recording, dial (800) 642-1687 and enter conference identification code 19477114.

Statements in this release about future events or performance, including gross revenues and

earnings expectations for the fourth quarter of 2010, 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, the Company's ability to retain current customers and attract new customers, future workers' compensation claims experience, the effect of changes in the workers' compensation regulatory environment in one or more of the Company's primary markets, the collectibility of accounts receivable, and the effect of conditions in the global capital markets on the Company's investment portfolio, among others. Other important factors that may affect the Company's future prospects are described in the Company's 2009 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.

BBSI provides a comprehensive range of human resource management solutions to large and small companies throughout many regions of the United States.

CONTACT: Barrett Business Services, Inc.  
William W. Sherertz, President and Chief Executive Officer  
(360) 828-0700