

March 9, 2016



Thomas Carley Appointed Interim CFO of BBSI

Audit Committee Engaging Big Four Accounting Firm to Conduct Investigation Following Discovery of Accounting Irregularities

VANCOUVER, WA -- (Marketwired) -- 03/09/16 -- Barrett Business Services, Inc. (BBSI or the Company) (NASDAQ: BBSI), a leading provider of business management solutions, has appointed board member Thomas Carley as interim CFO, replacing Jim Miller following termination of his employment. Carley stepped down as chair of BBSI's audit committee to assume the interim CFO position as the Company initiates the search for a new permanent CFO.

BBSI's audit committee of the board of directors was informed by the former CFO on March 3, 2016 that he made unsupported journal entries in the Company's financial records during each calendar quarter of 2013.

The Company believes the entries overstated direct payroll costs by approximately \$1.4 million (the correction of which will result in a corresponding increase in PEO revenues), payroll taxes and benefits expenses by a total of approximately \$9.7 million, and selling, general and administrative expenses by a total of approximately \$0.9 million, and understated workers' compensation expense by approximately \$12 million for the year ended December 31, 2013.

BBSI's audit committee believes that the improper journal entries had no effect on the Company's consolidated balance sheets or on income from operations, net income, or earnings per share for any quarterly period in fiscal 2013 or for the year ended December 31, 2013.

The audit committee is in the process of engaging one of the "Big Four" accounting firms to conduct an independent forensic accounting investigation of the Company's financial records for the five years beginning January 1, 2011, as well as the first quarter of 2016, to evaluate whether other accounting irregularities occurred during those periods.

Separately and as previously disclosed, BBSI reached an agreement with CorVel to satisfy all medical cost containment expenses from December 31, 2015 and prior for \$10 million. Following consultation with an independent accounting firm, the Company determined that medical cost containment expenses need to be accrued rather than recorded as a period expense.

Also as previously reported, BBSI has been analyzing whether it needed to restate its financial results for the quarters ended June 30 and September 30, 2014. Management, in consultation with its independent registered public accounting firm, Moss Adams LLP, has concluded that a restatement for these periods will be required. The Company expects the

restatement to increase workers' compensation expense for the second quarter of 2014 by approximately \$85 million, with a corresponding decrease in workers' compensation expense for the third quarter of 2014.

In the course of reviewing the workers' compensation reserves, management also discovered that workers' compensation expense was understated in the third quarter of 2014 by \$3 million and overstated in the fourth quarter of 2014 by \$3 million.

For the reasons discussed, the Company's previously issued financial statements for the fiscal years ended December 31, 2012, 2013 and 2014, and each respective quarter in those fiscal years, and as of and for the quarters ended March 31 and June 30, 2015, must be restated. The following table provides the expected impact of all restatements discussed herein.

Summary of Adjustments to Pre-Tax Income

Consolidated Statement of Operations (Selective Components)

(in millions, amounts are unaudited, preliminary, and subject to change)

Annual Periods

	As previously reported Year Ended December 31, 2014	Net Adjustments	Restated Year Ended December 31, 2014
Revenues	\$ 636.2	\$ -	\$ 636.2
Cost of Revenues			
Direct payroll costs	126.4	-	126.4
Payroll taxes and benefits	266.9	(3.0)	263.9
Workers' compensation	212.5	0.7	213.2
	605.8	(2.3)	603.5
Gross margin	30.4	2.3	32.7
SG&A	73.8	-	73.8
(Loss) income from Operations	(45.9)	2.3	(43.6)
(Loss) income before income taxes	(45.3)	2.3	(43.0)

	As previously reported Year Ended December 31, 2013	Net Adjustments	Restated Year Ended December 31, 2013
Revenues	\$ 532.9	\$ 1.4	\$ 534.3
Cost of Revenues			
Direct payroll costs	108.8	-	108.8

Payroll taxes and benefits	229.0	(6.8)	222.2
Workers' compensation	108.6	12.7	121.3
	<u>446.4</u>	<u>5.9</u>	<u>452.3</u>
Gross margin	86.5	(4.5)	82.0
SG&A	60.1	(0.9)	59.2
(Loss) income from Operations	24.4	(3.6)	20.8
(Loss) income before income taxes	24.9	(3.6)	21.3

The foregoing discussion is based on information known to the Company as of the date of this press release. Additional information may be discovered through the forensic accounting investigation described above or in the course of management's preparation of restated financial statements. Such information could result in changes in the Company's preliminary estimates of the effect of the accounting issues described above and require additional adjustments to previously issued financial statements, as well as identification of other deficiencies or material weaknesses in the Company's internal control over financial reporting.

Thomas Carley, BBSI's interim CFO, stated: "BBSI's board of directors and management are committed to working through this restatement, completing the 2015 audit and becoming current on all of our SEC filings. We are confident in the company's continued ability to prosper and provide value for shareholders, and we look forward to having these matters behind us."

BBSI, with the assistance of its outside consultants, plans to design and implement improved processes and procedures to address the weaknesses identified in the Company's internal control over financial reporting. The Company is also developing plans to strengthen its accounting department through the addition of new personnel and resources.

As discussed in detail in a Form 8-K filed with the Securities and Exchange Commission today, the Company will be filing restated financial statements for all periods in 2012, 2013, 2014 and 2015 (to the extent previously filed) as soon as practicable.

Carley Career Bio

Since July 2006, Carley has been the co-founder and principal of Portal Capital, an investment management firm, where he oversees finance and administration. He also serves as a director of Urth Organic, a distributor of organic agricultural products.

Carley previously served as president and CFO of Jensen Securities, a securities and investment banking firm prior to its sale to D.A. Davidson & Co. Earlier in his career, he worked in the audit department of Price Waterhouse.

He received an MBA from the University of Chicago Graduate School of Business, with an emphasis in accounting and finance, and an A.B. degree in Economics from Dartmouth College.

About BBSI

BBSI (NASDAQ: BBSI) is a leading provider of business management solutions, combining

human resource outsourcing and professional management consulting to create a unique operational platform that differentiates it from competitors. BBSI's integrated platform is built upon expertise in payroll processing, employee benefits, workers' compensation coverage, risk management and workplace safety programs, and human resource administration. BBSI's partnerships help businesses of all sizes improve the efficiency of their operations. BBSI works with more than 3,400 clients across all lines of business in 23 states. For more information, please visit www.barrettbusiness.com.

Forward-Looking Statements

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 the results of the independent forensic accounting investigation, current and future shareholder litigation, and the ongoing investigation by the Securities and Exchange Commission, among others. Other important factors that may affect the Company's future prospects are described in BBSI's reports on Forms 10-K and 10-Q and other filings with the Securities and Exchange Commission. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements are 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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