

October 31, 2001



Barrett Business Services, Inc. Announces Third Quarter 2001 Operating Results, Schedules Investor Conference Call And Increases Authorization for Stock Repurchase Program

PORTLAND, Ore., Oct. 31 /PRNewswire/ --

Barrett Business Services, Inc. (Nasdaq: BBSI) reported today net income of \$242,000 for the third quarter ended September 30, 2001, an increase of \$426,000 over the net loss of \$184,000 for the second quarter ended June 30, 2001. For the third quarter of 2000, the Company reported net income of \$500,000. Basic and diluted net earnings per share for the 2001 third quarter were \$.04, as compared to a net loss per share of \$.03 for the second quarter ended June 30, 2001. For the 2000 third quarter, basic and diluted earnings per share were \$.07.

Revenues for the third quarter ended September 30, 2001 totaled \$58.3 million, an increase of \$5.7 million or 10.9% over the second quarter ended June 30, 2001. Revenues for the 2001 third quarter declined approximately \$22.4 million or 27.8% from the \$80.7 million for the same quarter in 2000.

	(Unaudited)		(Unaudited)	
	Third Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
Results of Operations	2001	2000	2001	2000
(in thousands, except per share amounts)				

Revenues:

Staffing services	\$33,538	\$49,881	\$94,759	\$149,346
Professional employer services	24,744	30,863	71,227	105,022
Total revenues	58,282	80,744	165,986	254,368
Cost of revenues:				
Direct payroll costs	45,271	62,865	128,654	198,024
Payroll taxes and benefits	4,611	6,564	13,794	21,788
Workers' compensation	2,426	3,401	7,044	9,261
Total cost of revenues	52,308	72,830	149,492	229,073
Gross margin	5,974	7,914	16,494	25,295
Selling, general and administrative expenses	4,741	6,128	14,269	19,077
Depreciation and amortization	818	820	2,469	2,373
Income (loss) from operations	415	966	(244)	3,845
Other expense, net	(15)	(122)	(23)	(405)
Income (loss) before taxes	400	844	(267)	3,440
Provision for (benefit from) income taxes	158	344	(114)	1,402
Net income (loss)	\$242	\$500	\$ (153)	\$2,038
Basic earnings (loss) per share	\$.04	\$.07	\$ (.02)	\$.28
Weighted average basic shares outstanding	6,152	7,236	6,268	7,371
Diluted earnings (loss) per share	\$.04	\$.07	\$ (.02)	\$.27
Weighted average diluted shares outstanding	6,180	7,276	6,268	7,415

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

that: "While our comparative operating results were down as compared to last

year, we are pleased that we have returned to profitability after reporting losses in the first two quarters of this year. Although there is much uncertainty in the marketplace, we have a strong balance sheet and continue to generate positive cash flow in spite of lower revenues."

The following summarizes the unaudited balance sheets at September 30, 2001 and December 31, 2000.

	September 30, December 31,	
(\$ in thousands)	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	\$784	\$516
Trade accounts receivable, net	17,771	20,660
Prepaid expenses and other	1,312	1,222
Deferred tax assets	2,511	2,702
Total current assets	22,378	25,100
Intangibles, net	19,374	20,982
Property, equipment and software, net	6,335	7,177
Restricted marketable securities and		
workers' compensation deposits	4,142	4,254
Unrestricted marketable securities	1,286	1,386
Deferred tax assets	1,110	839
Other assets	1,418	1,374
	\$56,043	\$61,112
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$873	\$ 2,939
Line of credit payable	3,615	2,628
Accounts payable	774	1,013
Accrued payroll, payroll taxes and related		
benefits	8,208	7,893
Workers' compensation claim and safety		
incentive liabilities	5,080	5,274

Other accrued liabilities	496	1,622
Total current liabilities	19,046	21,369
Long-term debt, net of current portion	360	1,508
Customer deposits	531	614
Long-term workers' compensation liabilities	669	682
Other long-term liabilities	2,158	2,022
Stockholders' equity	33,279	34,917
	\$56,043	\$61,112

On Thursday, November 1, 2001, at 8:00 a.m. Pacific Time, William W.

Sherertz will host an investor telephone conference call to discuss third

quarter 2001 operating results. To participate in the call, dial

800-399-3080 shortly before 8:00 a.m. Pacific Time on November 1, 2001. A

recording of the call will be available beginning Thursday, November 1, 2001

at 12 noon and ending Thursday, November 8, 2001 at 12 noon. To listen to the

recording, dial 800-642-1687 and enter conference identification code 2245128.

The Company also announced that its board of directors had recently

increased the authorization under the Company's stock repurchase program by

\$1.0 million. Mr. Sherertz stated that: "This increase indicates that our

board continues to believe that the Company's stock is a sound investment

opportunity at current market values."

Barrett Business Services, Inc. is a human resource management company

with offices in ten states serving customers throughout 22 states. For 2000,

Barrett reported revenues of \$322.5 million and net income of \$2.1 million.

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, and future workers' compensation claims experience, 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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