

March 9, 2005



## **BBSI Announces Resolution of Balance Sheet Accounting Treatment**

PORTLAND, Ore., March 9, 2005 /PRNewswire-FirstCall via COMTEX/ -- Barrett Business Services, Inc. (Nasdaq: BBSI) reported today that management has completed its analysis and determination as to the treatment of certain estimated reimbursements due from its excess workers' compensation insurance carriers and the corresponding estimated liabilities to claimants. On February 10, 2005, in connection with announcement of the Company's 2004 fourth quarter operating results and preliminary balance sheets for December 31, 2004 and 2003, the Company stated that the balance sheet effect, if any, on long-term assets and long-term liabilities related to this issue had not been determined.

The Company retains certain levels of exposure with respect to its self-insured workers' compensation program and purchases insurance coverage from third-party insurers for exposures in excess of those levels. Until December 31, 2004, the Company established accrued liabilities for workers' compensation claims, both reported and incurred but not reported, within its level of retention based on currently available information, as well as its historical claims experience. During the year ended December 31, 2004, the Company determined that it should present its accrued liabilities for workers' compensation claims on a gross basis along with a corresponding receivable from its insurers, as the Company is the primary obligor for payment of the related insured claims. As a result of this revision in classification, the Company has increased its accrued workers' compensation claims liabilities as

of December 31, 2004 by \$4.4 million (of which \$0.2 million is estimated to be currently payable and the balance a long-term liability) and has also recorded corresponding receivables for these insured claims from its prior excess workers' compensation insurer, CNA Financial Corporation. In order to conform the Company's prior financial statements for this revision in classification, the Company has increased its accrued workers' compensation claims liabilities as of December 31, 2003 by \$4.2 million (of which \$0.4 million was estimated to be currently payable and the balance a long-term liability) and has recorded corresponding receivables for these insured claims from its prior excess workers' compensation insurer, CNA Financial Corporation. The Company will continue its past practice of evaluating the financial capacity of its insurers to assess the recoverability of the related insurer receivables. The revision in classification had no impact on the Company's financial condition, results of operations, cash flows or working capital.

The following summarizes the unaudited consolidated balance sheets at December 31, 2004 and December 31, 2003.

(Unaudited)

(\$ in thousands)	December 31, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$12,153	\$7,785
Marketable securities	4,630	--
Trade accounts receivable, net	23,840	18,481
Prepaid expenses and other	1,364	958
Deferred income taxes	4,100	2,196
Workers' compensation receivables		
for insured claims	213	393
Total current assets	46,300	29,813

Goodwill, net	22,516	18,749
Intangibles, net	25	13
Property, equipment and software, net	4,301	3,367
Restricted marketable securities and workers' compensation deposits	1,702	1,647
Deferred income taxes	582	1,041
Other assets	401	436
Workers' compensation receivables for insured claims	4,158	3,768
	\$79,985	\$58,834

Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$348	\$88
Accounts payable	994	727
Accrued payroll, payroll taxes and related benefits	17,427	13,881
Workers' compensation claims liabilities	4,946	3,886
Workers' compensation claims liabilities for insured claims	213	393
Safety incentives liabilities	4,807	2,007
Other accrued liabilities	414	361
Total current liabilities	29,149	21,343
Long-term debt, net of current portion	1,441	400
Customer deposits	608	455
Long-term workers' compensation claims liabilities	4,840	1,031
Long-term workers' compensation liabilities for insured claims	4,158	3,768
Other long-term liabilities	--	45

Deferred gain on sale and		
leaseback	1,036	1,158
Stockholders' equity	38,753	30,634
	\$79,985	\$58,834

BBSI provides human resource management solutions to large and small companies throughout many regions of the United 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, the effect of changes in the workers' compensation regulatory environment in one or more of our primary markets, collectibility of accounts receivable, and availability of funding for working capital purposes, among others. Other important factors that may affect the Company's future prospects are described in the Company's 2003 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.

SOURCE Barrett Business Services, Inc.

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