

February 9, 2011



BBSI Announces Fourth Quarter 2010 Operating Results, Financial Guidance for 1Q11 and Conference Call

VANCOUVER, Wash., Feb. 9, 2011 (GLOBE NEWSWIRE) -- Barrett Business Services, Inc. (Nasdaq:BBSI) reported today net income of \$3.1 million for the fourth quarter ended December 31, 2010 compared to net income of \$2.2 million for the fourth quarter of 2009. Diluted earnings per share for the 2010 fourth quarter were \$.31, as compared to diluted earnings per share of \$.21 for the same quarter a year ago.

Net revenues for the fourth quarter ended December 31, 2010 totaled \$73.6 million, an increase of approximately \$11.0 million or 17.4% over the \$62.6 million for the same quarter in 2009.

| (in thousands, except per share amounts) | (Unaudited) | | |
|--|----------------------|--------------|--------|
| | Fourth Quarter Ended | December 31, | |
| | 2010 | 2009 | |
| Results of Operations | | | |
| Revenues: | | | |
| Staffing services | \$ 32,747 | \$ 30,931 | \$ 125 |
| Professional employer service fees | 40,808 | 31,698 | |
| Total revenues | 73,555 | 62,629 | |
| Cost of revenues: | | | |
| Direct payroll costs | 24,920 | 23,388 | |
| Payroll taxes and benefits | 24,670 | 19,617 | |
| Workers' compensation | 10,353 | 7,636 | |
| Total cost of revenues | 59,943 | 50,641 | |
| Gross margin | 13,612 | 11,988 | |
| Selling, general and administrative expenses | 9,642 | 8,689 | |
| Depreciation and amortization | 344 | 423 | |
| Income (loss) from operations | 3,626 | 2,876 | |
| Other income, net | 758 | 267 | |
| Income (loss) before taxes | 4,384 | 3,143 | |
| Provision for (benefit from) income taxes | 1,236 | 950 | |
| Net income (loss) | \$ 3,148 | \$ 2,193 | \$ 7 |
| Basic income (loss) per share | \$.31 | \$.21 | \$ |
| Weighted average basic shares outstanding | 10,202 | 10,480 | |
| Diluted income (loss) per share | \$.31 | \$.21 | \$ |
| Weighted average diluted shares outstanding | 10,260 | 10,497 | |

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.

| (in thousands) | (Unaudited) | | |
|--------------------------------|----------------------|----------------------|------------|
| | Fourth Quarter Ended | | 2010 |
| | 2010 | December 31, 2009 | |
| Revenues: | | | |
| Staffing services | \$ 32,747 | \$ 30,931 | \$ 125,738 |
| Professional employer services | 311,495 | 239,884 | 1,111,052 |
| Total revenues | 344,242 | 270,815 | 1,236,790 |
| Cost of revenues: | | | |
| Direct payroll costs | 294,058 | 230,359 | 1,053,748 |
| Payroll taxes and benefits | 24,671 | 19,617 | 96,661 |
| Workers' compensation | 11,901 | 8,851 | 41,591 |
| Total cost of revenues | 330,630 | 258,827 | 1,192,000 |
| Gross margin | \$ 13,612 | \$ 11,988 | \$ 44,790 |

Gross revenues of \$344.2 million for the fourth quarter ended December 31, 2010 increased 27.1% over the similar period in 2009.

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

For the fourth quarters ended December 31, 2010 and 2009:

| (in thousands) | Gross Revenue Reporting Method | | | Recla |
|--------------------------------|--------------------------------|------------|--------------|-----------|
| | 2010 | 2009 | 2010 | |
| Revenues: | | | | |
| Staffing services | \$ 32,747 | \$ 30,931 | \$ -- | \$ |
| Professional employer services | 311,495 | 239,884 | (270,687) | (20 |
| Total revenues | \$ 344,242 | \$ 270,815 | \$ (270,687) | \$ (208,1 |
| Cost of revenues | \$ 330,630 | \$ 258,827 | \$ (270,687) | \$ (208,1 |

For the years ended December 31, 2010 and 2009:

| (in thousands) | Gross Revenue Reporting Method | | | R |
|--------------------------------|--------------------------------|--------------|--------------|-------|
| | 2010 | 2009 | 2010 | |
| Revenues: | | | | |
| Staffing services | \$ 125,738 | \$ 116,155 | \$ -- | |
| Professional employer services | 1,111,052 | 903,731 | (963,667) | |
| Total revenues | \$ 1,236,790 | \$ 1,019,886 | \$ (963,667) | \$ (7 |
| Cost of revenues | \$ 1,192,000 | \$ 994,291 | \$ (963,667) | \$ (7 |

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

| December 31, | December 31, | (in thousands) | |
|--------------|--------------|----------------|--------------------------------|
| | | | Assets |
| | | | Current assets: |
| | | | Cash and cash equivalents |
| | | \$ 30, | Marketable securities |
| | | 24 | Trade accounts receivable, net |
| | | 37 | Income taxes receivable |

| | | |
|---|---------------------------------------|----------|
| | Prepaid expenses and other | 1 |
| | Deferred income taxes | 5 |
| | Total current assets | 100 |
| | Marketable securities | 5 |
| | Property, equipment and software, net | 15 |
| Restricted marketable securities and workers' compensation deposits | | 8 |
| | Other assets | 3 |
| Workers' compensation receivables for insured claims | | 3 |
| | Goodwill, net | 47 |
| | | \$ 185,1 |
| | Liabilities and Stockholders' Equity | |
| | Current liabilities: | |
| | Accounts payable | \$ |
| Accrued payroll, payroll taxes and related benefits | | 37 |
| | Other accrued liabilities | |
| Workers' compensation claims liabilities | | 11, |
| | Safety incentives liabilities | 5 |
| | Total current liabilities | 55 |
| Long-term workers' compensation claims liabilities | | 16, |
| Long-term workers' compensation liabilities for insured claims | | 2 |
| | Deferred income taxes | 8 |
| Customer deposits and other long-term liabilities | | 1 |
| | Stockholders' equity | 100 |
| | | \$ 185,1 |

Outlook for First Quarter 2011

The Company also disclosed today limited financial guidance with respect to its operating results for the first quarter ending March 31, 2011. The Company expects gross revenues for the first quarter of 2011 to range from \$320 million to \$325 million, as compared to \$262.6 million for the first quarter of 2010, and anticipates diluted earnings for the first quarter of 2011 to range from \$.50 to \$.54 per share, as compared to a diluted loss per share of \$.16 for the same period a year ago. The anticipated diluted earnings per share for the 2011 first quarter includes expected proceeds of \$10 million from key man life insurance coverage the Company carried with respect to William W. Sherertz, the Company's President and CEO, who passed away January 20, 2011. Without the effect of the life insurance proceeds, the estimated diluted loss per share for the 2011 first quarter is \$.19 to \$.22 which is consistent with historical first quarter losses. A reconciliation of estimated gross revenues to estimated GAAP net revenues for the first quarter of 2011 is not included because PEO revenues and cost of PEO revenues for the period are not reasonably estimable.

Conference Call

On Thursday, February 10 at 9:00 a.m. Pacific Time, Tony Meeker, Michael Elich and James Miller will host an investor telephone conference call to discuss fourth quarter 2010 operating results. To participate in the call, dial (877) 214-1511. The call identification number is 42072859. The conference call will also be webcast live at 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 Thursday, February 10, 2011 at 12:00 p.m. PT and ending on Thursday, February 17, 2011. To listen to the recording, dial (800) 642-1687 and enter conference identification code 42072859.

Statements in this release about future events or performance, including gross revenues and earnings expectations for the first quarter of 2011, 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.

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