

May 2, 2001



## Barrett Business Services, Inc. Announces First Quarter 2001 Operating Results And Schedules Investor Conference Call

PORTLAND, Ore., May 2 /PRNewswire/ --

Barrett Business Services, Inc. (Nasdaq: BBSI) reported today a net loss of \$211,000 for the first quarter ended March 31, 2001, a decline of \$955,000 from net income of \$744,000 for the first quarter of 2000. Basic and diluted net loss per share for the 2001 first quarter were \$(.03), as compared to basic and diluted earnings of \$.10 for the 2000 first quarter.

Revenues for the first quarter ended March 31, 2001 totaled \$55.2 million, a decrease of approximately \$31.9 million or 36.7% from the \$87.1 million for the same quarter in 2000.

|                                          |                     |          |
|------------------------------------------|---------------------|----------|
|                                          | (Unaudited)         |          |
|                                          | First Quarter Ended |          |
|                                          | March 31,           |          |
| Results of Operations                    | 2001                | 2000     |
| (in thousands, except per share amounts) |                     |          |
| Revenues:                                |                     |          |
| Staffing services                        | \$31,272            | \$47,767 |
| Professional employer services           | 23,881              | 39,355   |
| Total revenues                           | 55,153              | 87,122   |
| Cost of revenues:                        |                     |          |
| Direct payroll costs                     | 42,760              | 68,004   |
| Payroll taxes and benefits               | 4,874               | 7,918    |
| Workers' compensation                    | 2,177               | 2,597    |
| Total cost of revenues                   | 49,811              | 78,519   |
| Gross margin                             | 5,342               | 8,603    |

|                                              |          |        |
|----------------------------------------------|----------|--------|
| Selling, general and administrative expenses | 4,876    | 6,485  |
| Depreciation and amortization                | 829      | 731    |
| (Loss) income from operations                | (363)    | 1,387  |
| Other income (expense), net                  | 7        | (132)  |
| (Loss) income before taxes                   | (356)    | 1,255  |
| (Benefit from) provision for income taxes    | (145)    | 511    |
| Net (loss) income                            | \$ (211) | \$ 744 |
| Basic (loss) earnings per share              | \$ (.03) | \$ .10 |
| Weighted average basic shares outstanding    | 6,400    | 7,459  |
| Diluted (loss) earnings per share            | \$ (.03) | \$ .10 |
| Weighted average diluted shares outstanding  | 6,400    | 7,509  |

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

that: "Our decline in revenues reflects the general softening of business conditions in our market areas, particularly in our Northern California zone.

Our industry is typically a leading indicator of business cycles; we are among the first to benefit from improved conditions and among the first to experience the consequences of a downturn. From our vantage point, we do not foresee an upturn in business activity in the near future among our current customer base. On a more positive note, our Company has a relatively scalable SG&A expense structure enabling us to conform with business conditions and we intend to continue to aggressively pursue new management talent, both of which we believe will offset, in part, the effects of the economy on our bottom line." Results for the first quarter of 2001 were also negatively affected by an increase in workers' compensation expense, in terms of a percentage of revenues, which increased from 3.0% of revenues in the first quarter of 2000 to 4.0% of revenues in 2001 due to higher estimates for the cost of claims. The following summarizes the unaudited balance sheets at March 31, 2001 and December 31, 2000.

(\$ in thousands)

|                                                  | March 31, | December 31, |
|--------------------------------------------------|-----------|--------------|
|                                                  | 2001      | 2000         |
| Assets                                           |           |              |
| Current assets:                                  |           |              |
| Cash and cash equivalents                        | \$318     | \$516        |
| Trade accounts receivable, net                   | 16,850    | 20,660       |
| Prepaid expenses and other                       | 2,099     | 1,222        |
| Deferred tax assets                              | 2,278     | 2,702        |
| Total current assets                             | 21,545    | 25,100       |
| Intangibles, net                                 | 20,444    | 20,982       |
| Property, equipment and software, net            | 6,778     | 7,177        |
| Restricted marketable securities and workers'    |           |              |
| compensation deposits                            | 4,284     | 4,254        |
| Unrestricted marketable securities               | 1,326     | 1,386        |
| Deferred tax assets                              | 1,048     | 839          |
| Other assets                                     | 1,390     | 1,374        |
|                                                  | \$56,815  | \$61,112     |
| Liabilities and Stockholders' Equity             |           |              |
| Current liabilities:                             |           |              |
| Current portion of long-term debt                | \$ 2,713  | \$ 2,939     |
| Line of credit payable                           | 1,637     | 2,628        |
| Accounts payable                                 | 619       | 1,013        |
| Accrued payroll, payroll taxes and               |           |              |
| related benefits                                 | 8,018     | 7,893        |
| Workers' compensation claim and safety incentive |           |              |
| liabilities                                      | 4,848     | 5,274        |
| Other accrued liabilities                        | 420       | 1,622        |
| Total current liabilities                        | 18,255    | 21,369       |
| Long-term debt, net of current portion           | 1,051     | 1,508        |
| Customer deposits                                | 534       | 614          |
| Long-term workers' compensation liabilities      | 678       | 682          |
| Other long-term liabilities                      | 2,070     | 2,022        |
| Stockholders' equity                             | 34,227    | 34,917       |

\$56,815

\$61,112

On Thursday, May 3, 2001, at 8:00 a.m. (Pacific), William W. Sherertz will host an investor telephone conference call to discuss first quarter 2001 operating results.

To participate in the call, please dial 800-399-3080 shortly before 8:00 a.m. (Pacific) on Thursday, May 3, 2001. If you are unable to participate in the call, a recording of the call will be available beginning Thursday, May 3, 2001 at 12 noon (Pacific) and ending Thursday, May 10, 2001 at 12 noon (Pacific). To listen to the recording, please dial 800-642-1687 and enter conference identification code 102663.

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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