

October 20, 1997



Barrett Business Services, Inc. Announces Lower Earnings Anticipated for Third Quarter of 1997

PORTLAND, Ore., Oct. 20 /PRNewswire/ -- Barrett Business Services, Inc.

(Nasdaq: BBSI) announced today that earnings for the third quarter ended September 30, 1997 will fall significantly below analysts' estimates and the comparable period last year.

Net earnings per share for the third quarter of 1997 are expected to be \$.13 to \$.15, which compares to \$.24 per share for the third quarter of 1996.

The shortfall in earnings was primarily attributable to higher-than-expected direct payroll costs as a percentage of revenues, increased bad debt expense and higher branch office operating expenses.

William W. Sherertz, President and Chief Executive Officer, commented that "our growth rates have created volatility and unpredictability in recent months in our direct payroll costs, which is the largest component of our gross margin. We believe we have developed a system which will enable management to better anticipate the trends influencing this cost in the future. Higher direct payroll costs will, however, continue to have a negative effect on margin in future periods. The increase in our bad debt expense was a single branch problem and not a company-wide issue and management believes the problem has been addressed. Our increased branch operating expenses reflect our continuing investment in high-quality people to manage and grow our business."

Actual operating results for the 1997 third quarter are scheduled to be

reported on November 3, 1997.

Certain of the above information is forward-looking and as such, merely reflects the Company's best assessment at this time. Investors are cautioned that forward-looking statements involve risks and uncertainty, that actual results may differ materially from such statements, and that investors should not place undue reliance on such statements. For a discussion of factors that may affect actual results, investors should refer to the Company's Securities and Exchange Commission reports, including but not limited to the Annual Report on Form 10-K for the year ended December 31, 1996.

Barrett Business Services, Inc. is a human resource management company with offices in Washington, Oregon, Idaho, California, Arizona, Michigan, Maryland and Delaware. Barrett reported revenues of \$215.8 million and net income of \$5.0 million for 1996.

SOURCE Barrett Business Services Inc.

CONTACT: William W. Sherertz, President and Chief Executive Officer, 503-220-0988