

February 10, 1999



Barrett Business Services, Inc. Reports 56% Increase in Net Income For Fourth Quarter 1998 and Pending Acquisition

PORTLAND, Ore., Feb. 10 /PRNewswire/ -- Barrett Business Services, Inc.

(Nasdaq: BBSI) reported today net income of \$1,235,000 for the fourth quarter ended December 31, 1998, an increase of \$443,000 or 55.9% over the fourth quarter of 1997. Diluted earnings per share for the 1998 fourth quarter were \$.16, compared to \$.10 for the same quarter a year ago. Net income for the year ended December 31, 1998 amounted to \$3,821,000. Diluted earnings per share for 1998 were \$.50, compared to diluted earnings per share of \$.49 for 1997.

Revenues for the fourth quarter ended December 31, 1998 totaled \$75.2 million, a decrease of approximately \$1.7 million or 2.2% from the \$76.9 million for the same quarter in 1997. Revenues for the year ended December 31, 1998 were \$303.0 million, a decrease of \$2.5 million or 0.8% from 1997.

Results of Operations

(in thousands, except per share amounts)	Fourth Quarter		Year Ended	
	Ended		December 31,	
	1998	1997	1998	1997
Revenues:				
Staffing services	\$38,154	\$45,170	\$165,443	\$177,263
Professional employer services	37,014	31,695	137,586	128,268
Total revenues	75,168	76,865	303,029	305,531

Cost of revenues:				
Direct payroll costs	58,482	59,803	235,265	236,307
Payroll taxes				
and benefits	5,894	6,373	25,550	27,226
Workers' compensation	2,262	2,360	8,670	9,075
Safety incentives	374	341	1,520	1,509
Total cost of				
revenues	67,012	68,877	271,005	274,117
Gross margin	8,156	7,988	32,024	31,414
Selling, general and				
administrative expenses	5,804	6,373	23,481	24,011
Merger expenses	--	--	750	--
Amortization of intangibles	312	359	1,316	1,332
Income from operations	2,040	1,256	6,477	6,071
Other income, net	89	33	267	116
Income before taxes	2,129	1,289	6,744	6,187
Provision for				
income taxes	894	497	2,923	2,342
Net income	\$1,235	\$792	\$3,821	\$3,845
Basic earnings per share	\$.16	\$.10	\$.50	\$.50
Weighted average basic				
shares outstanding	7,676	7,633	7,664	7,646
Diluted earnings per share	\$.16	\$.10	\$.50	\$.49
Weighted average diluted				
shares outstanding	7,714	7,706	7,711	7,780

Certain 1997 amounts have been reclassified to conform with the 1998 presentation. Such reclassifications had no impact on gross margin, net income or stockholders' equity.

The following summarizes the audited balance sheets at December 31, 1998 and 1997:

(\$ in thousands)

December 31

1998

1997

Assets

Current assets:

Cash and cash equivalents	\$4,029	\$3,439
Trade accounts receivable, net	21,907	21,051
Prepaid expenses and other	1,103	1,231
Deferred tax assets	1,857	1,895
Total current assets	28,896	27,616
Intangibles, net	11,508	12,133
Property and equipment, net	5,184	4,574
Restricted marketable securities		
and workers' compensation deposits	6,004	6,095
Deferred tax assets	552	191
Other assets	626	206
	\$52,770	\$50,815

Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$129	\$731
Line of credit payable	--	887
Income taxes payable	438	--
Accounts payable	948	1,136
Accrued payroll, payroll taxes		
and related benefits	9,246	10,034
Accrued workers' compensation claim		
liabilities	3,244	3,140
Customer safety incentives payable	1,173	1,073
Other accrued liabilities	446	414
Total current liabilities	15,624	17,415
Long-term debt, net of current portion	435	573
Customer deposits	829	934
Long-term workers' compensation liabilities	714	632
Other long-term liabilities	1,466	1,030
	19,068	20,584

Commitments and contingencies

Stockholders' equity:

Common stock, \$.01 par value; 20,500 shares

authorized, 7,676 and 7,638 shares issued

and outstanding 77 76

Additional paid-in capital 11,409 11,760

Retained earnings 22,216 18,395

33,702 30,231

\$52,770 \$50,815

Barrett also announced that it has reached an agreement in principle to acquire certain assets of TPM Staffing Services, Inc. The all-cash transaction will be effective February 15, 1999.

TPM, a privately-held staffing services company, operates three offices in Southern California - Lake Forest, Santa Ana and Anaheim. TPM's revenues for the year ended December 31, 1998 were approximately \$5.7 million. TPM is Barrett's second acquisition in the first quarter of 1999.

Barrett Business Services, Inc. is a human resource management company with offices in ten states.

SOURCE Barrett Business Services, Inc.

Web site: <http://www.barrettbusiness.com>

Company News On-Call: <http://www.prnewswire.com/comp/082187.html> or fax, 800-758-5804, ext. 082187

CONTACT: William W. Sherertz, President and Chief Executive Officer of Barrett Business Services, Inc., 503-220-0988