

November 4, 1998



Barrett Business Services, Inc. Announces Net Income and Revenues for Third Quarter 1998

PORTLAND, Ore., Nov. 4 /PRNewswire/ -- Barrett Business Services, Inc.

(Nasdaq: BBSI) reported today net income of \$1,599,000 for the third quarter ended September 30, 1998, an increase of \$623,000 or 63.8% over the third quarter of 1997. Basic and diluted earnings per share for the 1998 third quarter were \$.21, compared to \$.13 for both basic and diluted earnings per share for the same quarter of 1997. Net income for the nine months ended September 30, 1998 amounted to \$2,586,000. Basic and diluted earnings per share for the 1998 nine-month period were \$.34, compared to \$.40 for basic and \$.39 for diluted earnings per share for the 1997 period.

Revenues for the third quarter ended September 30, 1998 totaled \$82.0 million, a decrease of approximately \$4.0 million or 4.7% from the \$86.0 million for the same quarter a year ago. Revenues for the nine months ended September 30, 1998 were \$227.9 million, a decrease of 0.4% from the comparable 1997 period.

William W. Sherertz, President and Chief Executive Officer, commented that: "We are pleased with the favorable impact on earnings of our recently implemented zone management practices and tighter operating controls. Our earnings on a per share basis equaled a record level set two years ago. It is important to note that our revenue trend is not a company-wide issue and is confined to a few larger branch offices. The decline reflects a very limited number of large customers which have been affected by various economic

conditions."

As previously reported, effective June 29, 1998, Barrett completed its acquisition of Western Industrial Management, Inc., and of a related company, Catch 55, Inc. (together "WIMI"), in a stock-for-stock merger. The merger with WIMI has been accounted for as a pooling-of-interests under Accounting Principles Board Opinion No. 16, and accordingly, all prior period financial statements have been restated to include WIMI as though it had always been a part of Barrett.

	(Unaudited)		(Unaudited)	
	Third Quarter		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
Results of Operations	1998	1997	1998	1997
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$44,199	\$51,957	\$127,289	\$132,093
Professional employer services	37,770	34,038	100,572	96,573
Total revenues	81,969	85,995	227,861	228,666
Cost of revenues:				
Direct payroll costs	63,768	66,717	176,783	176,504
Payroll taxes and benefits	6,587	7,588	19,656	20,853
Workers' compensation	2,201	2,489	6,408	6,715
Safety incentives	446	464	1,146	1,168
Total cost of revenues	73,002	77,258	203,993	205,240
Gross margin	8,967	8,737	23,868	23,426
Selling, general and administrative expenses	5,826	6,888	17,677	17,638
Merger expenses	--	--	750	--

Amortization of intangibles	322	361	1,004	973
Income from operations	2,819	1,488	4,437	4,815
Other income	68	--	178	83
Income before taxes	2,887	1,488	4,615	4,898
Provision for income taxes	1,288	512	2,029	1,845
Net income	\$ 1,599	\$976	\$2,586	\$3,053
Basic earnings per share	\$.21	\$.13	\$.34	\$.40
Weighted average number				
of basic shares outstanding	7,675	7,622	7,660	7,649
Diluted earnings per share	\$.21	\$.13	\$.34	\$.39
Weighted average				
number of diluted				
shares outstanding	7,714	7,794	7,710	7,804

The following summarizes the unaudited balance sheets at September 30, 1998 and December 31, 1997, as restated:

(\$ in thousands)

	September 30, 1998	December 31, 1997
Assets		
Cash	\$4,378	\$3,439
Receivables, net	24,090	21,051
Prepays and other	2,193	1,231
Deferred tax asset	2,300	2,086
Total current assets	32,961	27,807
Intangibles, net	11,815	12,133
Property and equipment, net	5,076	4,574
Restricted marketable		
securities	5,827	6,095
Other assets	403	206
	\$56,082	\$50,815
Liabilities and Stockholders'		
Equity		
Current portion of long-term debt	\$398	\$731

Line of credit payable	--	887
Income taxes payable	516	--
Accounts payable	484	1,136
Accrued payroll and benefits	13,773	10,034
Accrued workers' compensation claims	3,416	3,140
Customer safety incentives	1,198	1,073
Other accrued liabilities	694	414
Total current liabilities	20,479	17,415
Long-term debt, net	445	573
Customer deposits	869	934
Long-term workers' compensation liabilities	625	632
Other long-term liabilities	1,198	1,030
Stockholders' equity	32,466	30,231
	\$56,082	\$50,815

Barrett Business Services, Inc. is a human resource management company

with offices in Washington, Oregon, Idaho, California, Arizona, Michigan,

Maryland and Delaware. For 1997, as restated, Barrett reported revenues of

\$305.5 million and net income of \$3.8 million.

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

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