

October 29, 2003



Barrett Business Services, Inc. Announces Third Quarter 2003 Operating Results And Schedules Investor Conference Call

PORTLAND, Ore., Oct. 29 /PRNewswire-FirstCall/ -- Barrett Business

Services, Inc. (Nasdaq: BBSI) reported today net income of \$943,000 for the third quarter ended September 30, 2003, an improvement of \$887,000 over net income of \$56,000 for the third quarter of 2002. The diluted income per share for the 2003 third quarter was \$.16, as compared to \$.01 for the 2002 third quarter.

Revenues for the third quarter ended September 30, 2003 totaled \$34.8 million, an increase of approximately \$4.7 million or 15.6% over the \$30.1 million for the same quarter in 2002. Revenues for the nine months ended September 30, 2003 amounted to \$86.1 million, an increase of 3.0% over the same period a year ago.

	(Unaudited)		(Unaudited)	
	Third Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
Results of Operations	2003	2002	2003	2002
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$26,727	\$26,935	\$69,883	\$74,189
Professional employer service fees	8,046	3,155	16,189	9,405
Total revenues	34,773	30,090	86,072	83,594

Cost of revenues:				
Direct payroll costs	19,740	20,032	51,617	54,841
Payroll taxes and				
benefits	6,181	3,627	14,371	10,839
Workers'				
compensation	2,501	2,058	5,908	5,402
Total cost of				
revenues	28,422	25,717	71,896	71,082
Gross margin	6,351	4,373	14,176	12,512
Selling, general and				
administrative				
expenses	4,582	3,984	12,047	12,255
Depreciation and				
amortization	256	282	807	882
Income (loss) from				
operations	1,513	107	1,322	(625)
Other (expense)				
income, net	(62)	(14)	(136)	6
Income (loss)				
before taxes	1,451	93	1,186	(619)
Provision for (benefit				
from) income taxes	508	37	419	(259)
Net income (loss)	\$943	\$56	\$767	\$ (360)
Basic income (loss)				
per share	\$.17	\$.01	\$.13	\$ (.06)
Weighted average basic				
shares outstanding	5,645	5,804	5,700	5,810
Diluted income (loss)				
per share	\$.16	\$.01	\$.13	\$ (.06)
Weighted average diluted				
shares outstanding	5,927	5,816	5,805	5,810

The Company changed its reporting of PEO revenues from a gross basis to a net basis in 2002 because it was determined that the Company was not the

primary obligor for the services provided by employees pursuant to its PEO contracts. 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.

	(Unaudited)		(Unaudited)	
	Third Quarter Ended		Nine Months Ended	
(\$ in thousands)	September 30,		September 30,	
	2003	2002	2003	2002
Revenues:				
Staffing services	\$26,727	\$26,935	\$69,883	\$74,189
Professional				
employer services	46,886	18,710	95,767	55,269
Total revenues	73,613	45,645	165,650	129,458
Cost of revenues:				
Direct payroll costs	58,580	35,587	131,195	100,705
Payroll taxes and				
benefits	6,181	3,627	14,371	10,839
Workers'				
compensation	2,501	2,058	5,908	5,402
Total cost of				
revenues	67,262	41,272	151,474	116,946
Gross margin	\$6,351	\$4,373	\$14,176	\$12,512

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

For the third quarters ended September 30, 2003 and 2002 (in thousands):

Gross Revenue				Net Revenue	
Reporting Method		Reclassification		Reporting Method	
2003	2002	2003	2002	2003	2002

Revenues:

Staffing						
services	\$26,727	\$26,935	\$--	\$--	\$26,727	\$26,935
Professional						
employer						
services	46,886	18,710	(38,840)	(15,555)	8,046	3,155
Total						
revenues	\$73,613	\$45,645	\$ (38,840)	\$ (15,555)	\$34,773	\$30,090
Cost of revenues:						
Direct						
payroll						
costs	\$58,580	\$35,587	\$ (38,840)	\$ (15,555)	\$19,740	\$20,032

For the nine months ended September 30, 2003 and 2002 (in thousands):

	Gross Revenue				Net Revenue	
	Reporting Method		Reclassification		Reporting Method	
	2003	2002	2003	2002	2003	2002
Revenues:						
Staffing						
services	\$69,883	\$74,189	\$--	\$--	\$69,883	\$74,189
Professional						
employer						
services	95,767	55,269	(79,578)	(45,864)	16,189	9,405
Total						
revenues	\$165,650	\$129,458	\$ (79,578)	\$ (45,864)	\$86,072	\$83,594
Cost of revenues:						
Direct						
payroll						
costs	\$131,195	\$100,705	\$ (79,578)	\$ (45,864)	\$51,617	\$54,841

William W. Sherertz, President and Chief Executive Officer, commented that: "We are very pleased with our results for the third quarter and we expect to generate comparable or better results for the 2003 fourth quarter." The following summarizes the unaudited balance sheets at September 30, 2003 and December 31, 2002.

(\$ in thousands) September 30,
December 31,

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	\$450	\$96
Income taxes receivable	--	1,923
Trade accounts receivable, net	18,449	11,357
Prepaid expenses and other	1,749	1,040
Deferred income taxes	1,658	2,111
Total current assets	22,306	16,527
Goodwill, net	18,749	18,749
Intangibles, net	23	59
Property, equipment and software, net	3,465	5,167
Restricted marketable securities and workers'		
compensation deposits	4,063	4,286
Deferred income taxes	1,114	1,445
Other assets	482	1,064
	\$50,202	\$47,297
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$88	\$434
Line of credit payable	--	3,513
Accounts payable	781	834
Accrued payroll, payroll taxes and related		
benefits	12,933	4,897
Workers' compensation claims liabilities	1,749	3,903
Safety incentives payable	681	406
Other accrued liabilities	326	305
Current portion of deferred gain on sale		
and leaseback	122	--
Total current liabilities	16,680	14,292
Long-term debt, net of current portion	400	488

Customer deposits	447	443
Long-term workers' compensation claims liabilities	2,476	2,492
Other long-term liabilities	27	797
Long-term deferred gain on sale and leaseback	1,066	--
Stockholders' equity	29,106	28,785
	\$50,202	\$47,297

On October 30, 2003 at 9:00 a.m. Pacific Time, William W. Sherertz and Michael D. Mulholland will host an investor telephone conference call to discuss third quarter 2003 operating results. To participate in the call, dial 877-356-3717 shortly before 9:00 a.m. Pacific Time on October 30, 2003.

The call identification number is 3498751. A recording of the call will be available beginning October 30, 2003 at 12:00 p.m. and ending Thursday, November 6, 2003. To listen to the recording, dial 800-642-1687 and enter conference identification code 3498751.

Barrett Business Services, Inc. is a human resource management company with offices in seven states, which serve customers in approximately 15 states.

Statements in this release about future events or performance, including earnings expectations for the remaining one quarter of 2003, 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, future workers' compensation claims experience, collectibility of accounts receivable, and availability of funding for working capital purposes, among others. Other important factors

that may affect the Company's future prospects are described in the Company's 2002 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.

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