UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2000

Commission File No. 0-21886

BARRETT BUSINESS SERVICES, INC.
(Exact name of registrant as specified in its charter)

Maryland	52-0812977
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
4724 SW Macadam Avenue Portland, Oregon	97201
(Address of principal executive offices)	(Zip Code)

(503) 220-0988

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [   ]

Number of shares of Common Stock, $.01 par value, outstanding at July 31, 2000 was 7,295,298 shares.

BARRETT BUSINESS SERVICES, INC.

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Part I - Financial Information

Item 1. Financial Statements

BARRETT BUSINESS SERVICES, INC.
Balance Sheets
(Unaudited)
(In thousands, except per share amounts)

<TABLE>

	June 30, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 332	$ 550
Trade accounts receivable, net	29,451	30,216
Prepaid expenses and other	1,218	1,219
Deferred tax assets (Note 2)	2,350	1,658
Total current assets	33,351	33,643
Intangibles, net	20,958	21,945
Property and equipment, net	7,439	7,027
Restricted marketable securities and workers' compensation deposits	4,481	6,281
Unrestricted marketable securities	1,584	-
Deferred tax assets (Note 2)	773	712
Other assets	1,294	1,132
	$ 69,880	$ 70,740
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ -	$ 865
Current portion of long-term debt	2,762	2,783
Line of credit	4,992	4,882
Accounts payable	619	1,356
Accrued payroll, payroll taxes and related benefits	12,014	11,437
Workers' compensation claim and safety incentive liabilities	4,701	4,219
Other accrued liabilities	703	413
Total current liabilities	25,791	25,955
Long-term debt, net of current portion	2,864	4,232
Customer deposits	698	815
Long-term workers' compensation liabilities	691	699
Other long-term liabilities	1,905	1,710
	31,949	33,411
Commitments and contingencies		
Stockholders' equity:		
Common stock, $.01 par value; 20,500 shares authorized, 7,305 and 7,461 shares issued and outstanding, respectively	73	75
Additional paid-in capital	8,955	9,889
Retained earnings	28,903	27,365
	37,931	37,329
	$ 69,880	$ 70,740

</TABLE>

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Statements of Operations
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999
Revenues:		
Staffing services	$ 51,698	$ 46,185
Professional employer services	34,804	38,522
	86,502	84,707
Cost of revenues:		
Direct payroll costs	67,155	65,575
Payroll taxes and benefits	7,306	7,142
Workers' compensation	3,263	2,848
	77,724	75,565
Gross margin	8,778	9,142
Selling, general and administrative expenses	6,464	6,403
Depreciation and amortization	822	582
Income from operations	1,492	2,157
Other (expense) income:		
Interest expense	(238)	(105)
Interest income	86	89
Other, net	1	1
	(151)	(15)
Income before provision for income taxes	1,341	2,142
Provision for income taxes (Note 2)	547	926
Net income	$ 794	$ 1,216
Basic earnings per share	$ .11	$ .16
Weighted average number of basic shares outstanding	7,416	7,581
Diluted earnings per share	$ .11	$ .16
Weighted average number of diluted shares outstanding	7,459	7,624

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Statements of Operations
(Unaudited)
(In thousands, except per share amounts)

	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Revenues:		
Staffing services	$ 99,465	$ 83,414
Professional employer services	74,159	72,308
	173,624	155,722

Cost of revenues:		
Direct payroll costs	135,159	120,738
Payroll taxes and benefits	15,224	13,393
Workers' compensation	5,860	5,134
	156,243	139,265
Gross margin	17,381	16,457
Selling, general and administrative expenses	12,949	11,976
Depreciation and amortization	1,553	1,093
Income from operations	2,879	3,388
Other (expense) income:		
Interest expense	(459)	(129)
Interest income	172	184
Other, net	4	2
	(283)	57
Income before provision for income taxes	2,596	3,445
Provision for income taxes (Note 2)	1,058	1,489
Net income	$ 1,538	$ 1,956
Basic earnings per share	$ .21	$ .26
Weighted average number of basic shares outstanding	7,438	7,624
Diluted earnings per share	$ .21	$ .26
Weighted average number of diluted shares outstanding	7,484	7,666

</TABLE>

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Statements of Cash Flows
(Unaudited)
(In thousands)

<TABLE>

	Six Months Ended June 30, 2000	1999
Cash flows from operating activities:		
<S>	<C>	<C>
Net income	$ 1,538	$ 1,956
Reconciliations of net income to cash from operations:		
Depreciation and amortization	1,553	1,093
Changes in certain assets and liabilities, net of acquisitions:		
Trade accounts receivable, net	765	(5,497)
Prepaid expenses and other	11	(532)
Deferred tax assets	(753)	40
Accounts payable	(737)	611
Accrued payroll, payroll taxes and related benefits	577	6,337
Workers' compensation claims and safety incentive liabilities	482	(536)
Income taxes payable	-	(438)
Other accrued liabilities	290	(271)
Customer deposits and long-term workers' compensation liabilities and other assets, net	(287)	(467)
Other long-term liabilities	195	293
Net cash provided by operating activities	3,634	2,589
Cash flows from investing activities:		
Cash paid for acquisitions, including other direct costs	(67)	(12,877)

Purchase of fixed assets, net of amounts purchased in acquisitions	(911)	(820)
Proceeds from maturities of marketable securities	853	1,679
Purchase of marketable securities, net of amounts acquired in acquisitions	(637)	(2,018)
Net cash used in investing activities	(762)	(14,036)
Cash flows from financing activities:		
Payment of credit line assumed in acquisition	-	(1,113)
Net proceeds from credit-line borrowings	110	2,541
Proceeds from issuance of long-term debt	-	8,000
Payments on long-term debt	(1,389)	(323)
Payment of notes payable	(865)	-
Repurchase of common stock	(974)	(700)
Payment to shareholder	-	(57)
Proceeds from the exercise of stock options	28	15
Net cash (used in) provided by financing activities	(3,090)	8,363
Net decrease in cash and cash equivalents	(218)	(3,084)
Cash and cash equivalents, beginning of period	550	4,029
Cash and cash equivalents, end of period	$ 332	$ 945
Supplemental schedule of noncash activities:		
Acquisition of other businesses:		
Cost of acquisitions in excess of fair market value of net assets acquired	$ -	$ 12,416
Tangible assets acquired	-	3,364
Liabilities issued and assumed	-	1,798
Notes payable issued in connection with acquisitions	-	1,105

</TABLE>

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Notes to Financial Statements

NOTE 1 - BASIS OF PRESENTATION OF INTERIM PERIOD STATEMENTS:

The accompanying financial statements are unaudited and have been prepared by Barrett Business Services, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures typically included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the interim periods presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from such estimates and assumptions. The financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's 1999 Annual Report on Form 10-K at pages F1-F21. The results of operations for an interim period are not necessarily indicative of the results of operations for a full year.

Certain prior year amounts have been reclassified to conform with the 2000 presentation. Such reclassifications had no effect on gross margin, net income or stockholders' equity.

NOTE 2 - PROVISION FOR INCOME TAXES:

Deferred tax assets (liabilities) are comprised of the following components (in thousands):

<TABLE>

	June 30, 2000	December 31, 1999
Current:		
<S>	<C>	<C>
Workers' compensation claim and safety incentive liabilities	$ 1,674	$ 1,368
Allowance for doubtful accounts	135	130
Other accruals	541	160

	$ 2,350	$ 1,658
Noncurrent:		
Tax depreciation in excess of book depreciation	$ (94)	$ (94)
Workers' compensation claim liabilities	269	272
Book amortization of intangibles in excess of tax amortization	467	380
Deferred compensation	44	44
Other	87	110
	$ 773	$ 712

</TABLE>

NOTE 2 - PROVISION FOR INCOME TAXES (Continued):

The provision for income taxes for the six months ended June 30, 2000 and 1999 is as follows (in thousands):

	Six Months Ended June 30,	
	2000	1999
Current:		
Federal	$ 1,423	$ 1,224
State	388	333
	1,811	1,557
Deferred:		
Federal	(606)	(54)
State	(147)	(14)
	(753)	(68)
Provision for income taxes	$ 1,058	$ 1,489

NOTE 3 - STOCK INCENTIVE PLAN:

The Company has a Stock Incentive Plan (the "Plan") which provides for stock-based awards to the Company's employees, directors and outside consultants or advisers. The number of shares of common stock reserved for issuance under the Plan is 1,550,000.

The following table summarizes options granted under the Plan in 2000:

Outstanding at December 31, 1999	893,718	$2.80 to $17.94
Options granted	181,078	$2.40 to $6.75
Options exercised	(7,000)	$3.50 to $4.40
Options canceled or expired	(60,000)	$8.56 to $10.13
Outstanding at June 30 2000	1,007,796	$2.40 to $17.94
Exercisable at June 30, 2000	600,593	
Available for grant at June 30, 2000	317,770	

The options listed in the table generally become exercisable in four equal annual installments beginning one year after the date of grant.

BARRETT BUSINESS SERVICES, INC.
Notes to Financial Statements (Continued)

NOTE 3 - STOCK INCENTIVE PLAN (Continued):

Certain of the Company's zone and branch management employees elect to receive a portion of their quarterly cash profit sharing distribution in the form of nonqualified deferred compensation stock options. Such options are awarded at a 60 percent discount from the then-fair market value of the Company's stock and are fully vested and immediately exercisable upon grant. Such discounts are recorded as compensation expense. The amount of the grantee's deferred compensation (discount from fair market value) is subject to market risk. During the first six months of 2000, the Company awarded deferred compensation stock options for 10,022 shares at exercise prices ranging from $2.40 to $2.60.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations
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The following table sets forth the percentages of total revenues represented by selected items in the Company's Statements of Operations for the three and six months ended June 30, 2000 and 1999.

<TABLE>

	Percentage of Total Revenues			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Revenues:				
<S>	<C>	<C>	<C>	<C>
Staffing services	59.8 %	54.5 %	57.3 %	53.6 %
Professional employer services	40.2	45.5	42.7	46.4
	100.0	100.0	100.0	100.0
Cost of revenues:				
Direct payroll costs	77.6	77.4	77.8	77.5
Payroll taxes and benefits	8.5	8.4	8.8	8.6
Workers' compensation	3.8	3.4	3.4	3.3
Total cost of revenues	89.9	89.2	90.0	89.4
Gross margin	10.1	10.8	10.0	10.6
Selling, general and administrative expenses	7.4	7.5	7.4	7.7
Depreciation and amortization	0.9	0.7	0.9	0.7
Income from operations	1.8	2.6	1.7	2.2
Other income (expense)	(0.2)	-	(0.2)	-
Income before provision for income taxes	1.6	2.6	1.5	2.2
Provision for income taxes	0.7	1.1	0.6	0.9
Net income	0.9 %	1.5 %	0.9 %	1.3 %

</TABLE>

Three months ended June 30, 2000 and 1999

Net income for the second quarter of 2000 was $794,000, a decrease of $422,000 or 34.7% from the same period in 1999. The decrease in net income for 2000 was attributable primarily to a slowing in the Company's revenue growth rate compared to recent quarters, combined with increased workers' compensation and direct payroll costs, both in terms of dollars and as a percentage of revenues, and higher depreciation and amortization and interest expense. Basic and diluted earnings per share for the second quarter of 2000 were $.11, which compares to basic and diluted earnings per share of $.16 for the 1999 second quarter.

Results of Operations (Continued)
- ---------------------------------

Revenues for the second quarter of 2000 totaled approximately $86.5 million, an increase of approximately $1.8 million or 2.1% over the second quarter of 1999. The increase in revenues was primarily generated from the Company's Northern California operations. The quarter-over-quarter internal growth rate of revenues represented a decline of 4.5%. The percentage increase in total revenues exceeded the internal growth rate of revenues primarily due to the TSU Staffing ("TSU") acquisition effective May 31, 1999. The Company's revenue growth rate was affected in part by a progressive implementation of a new, comprehensive pre-employment screening system beginning in April 2000 and continuing through October 2000, which is designed to ensure that applicants are appropriately qualified. Although the new pre-employment screening system may result in lower revenues, management believes that in the long term the system will enhance the quality of the Company's employees and thus strengthen its competitive position in a low unemployment economy.

Staffing services revenue increased approximately $5.5 million or 11.9% primarily due to robust growth in the Company's Northern California operations. The increase in staffing services revenue resulted in an increase in the share of staffing services from 54.5% of total revenues for the second quarter of 1999 to 59.8% for the second quarter of 2000. Professional employer ("PEO") services revenue decreased approximately $3.7 million or 9.7%, primarily due to management's decision to discontinue the Company's business relationships with certain customers who were not generating acceptable gross margins. The share of revenues for PEO services had a corresponding decrease from 45.5% of total revenues for the second quarter of 1999 to 40.2% for the second quarter of 2000.

Gross margin for the second quarter of 2000 totaled approximately $8.8 million, which represented a decrease of $364,000 or 4.0% from the second quarter of 1999. The gross margin percent decreased from 10.8% of revenues for the second quarter of 1999 to 10.1% for the second quarter of 2000. The decrease in the gross margin percentage was due to higher workers' compensation expense and direct payroll costs and slightly higher payroll taxes and benefits. Workers' compensation expense for the second quarter of 2000 totaled $3.3 million or 3.8% of revenues, which compares to $2.8 million or 3.4% of revenues for the same period in 1999. The increase in workers' compensation expense for the 2000 second quarter, as a percentage of revenues, was generally attributable to an increase in the expected total costs of claims and a higher incidence of injuries in 2000 compared to the same period in 1999. The increase in direct payroll costs, as a percentage of revenues for the second quarter of 2000, was primarily due to increases in contract staffing and on-site management, which generally have a lower mark-up rate (and thus higher direct payroll costs as a percentage of revenues) relative to other staffing services provided by the Company. The increase in payroll taxes and benefits, as a percentage of revenues for the second quarter of 2000, was primarily attributable to increased direct payroll in California, which has a higher state unemployment tax rate as compared to other states in which the Company operates.

Results of Operations (Continued)
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Selling, general and administrative ("SG&A") expenses for the 2000 second quarter amounted to approximately $6.5 million, an increase of $61,000 or 1.0% over the comparable period in 1999. SG&A expenses, expressed as a percentage of revenues, decreased from 7.5% for the second quarter of 1999 to 7.4% for the second quarter of 2000. The increase in total dollars over 1999 was primarily attributable to the Company's acquisition of TSU effective May 31, 1999, which accounted for approximately $652,000 of noncomparable operating expenses in the second quarter of 2000. Thus, comparable branch SG&A expenses declined $591,000, or 9.2%, from the second quarter of 1999.

Depreciation and amortization totaled $822,000 or 0.9% of revenues for the second quarter of 2000, which compares to $582,000 or 0.7% of revenues for the same period in 1999. The increased expense was primarily due to (i) amortization arising from the TSU acquisition and (ii) in part, to the March 1, 2000 implementation of the Company's new information system.

Other expense totaled $151,000 or 0.2% of revenues for the second quarter of 2000, which compares to $15,000 for the second quarter of 1999. The increase in expense was primarily attributable to net interest expense on higher debt levels necessary to finance three acquisitions made during the first five months of 1999.

The Company offers various qualified employee benefit plans to its employees, including its worksite employees. These qualified employee benefit plans include a savings plan under Section 401(k) of the Internal Revenue Code (the "Code"), a cafeteria plan under Code Section 125, a group health plan, a group life insurance plan and a group disability insurance plan. Generally, qualified employee benefit plans are subject to provisions of both the Code and the Employee Retirement Income Security Act ("ERISA"). In order to qualify for favorable tax treatment under the Code, qualified plans must be established and maintained by an employer for the exclusive benefit of its employees. In the event the tax exempt status of the Company's benefit plans were to be discontinued and the benefit plans were to be disqualified, such actions could have a material adverse effect on the Company's business, financial condition and results of operations. Reference is made to pages 19-20 of the Company's 1999 Annual Report on Form 10-K for a more detailed discussion of this issue.

Results of Operations (Continued)

Six Months Ended June 30, 2000 and 1999

Net income for the six months ended June 30, 2000 was $1,538,000, a decrease of $418,000 or 21.4% from the same period in 1999. The decrease in net income was attributable to a lower gross margin percent owing primarily to higher direct payroll costs and payroll taxes and benefits, expressed as a percentage of revenues, coupled with higher SG&A expenses, depreciation and amortization and interest expense. Basic and diluted earnings per share for the first six months of 2000 were $.21 as compared to $.26 for both basic and diluted earnings per share for the same period of 1999.

Revenues for the six months ended June 30, 2000 totaled approximately $173.6 million, an increase of approximately $17.9 million or 11.5% over the similar period of 1999. The increase in total revenues was primarily due to the TSU acquisition, which was effective May 31, 1999.

Gross margin for the six months ended June 30, 2000 totaled approximately $17.4 million, which represented an increase of $924,000 or 5.6% over the similar period of 1999. The gross margin percent decreased from 10.6% of revenues for the six-month period of 1999 to 10.0% for the same period of 2000. The decrease in the gross margin percentage was primarily due to higher direct payroll costs and payroll taxes and benefits. The increase in direct payroll costs, as a percentage of revenues, was attributable to increases in contract staffing and on-site management, of which payroll generally represents a higher percentage of revenues. The increase in payroll taxes and benefits for the six-month period of 2000 was primarily attributable to increased direct payroll in California, which has a higher state unemployment tax rate as compared to other states in which the Company operates.

SG&A expenses for the six months ended June 30, 2000 amounted to approximately $12.9 million, an increase of $973,000 or 8.1% over the similar period of 1999. SG&A expenses, however, expressed as a percentage of revenues, decreased from 7.7% for the six-month period of 1999 to 7.4% for the same period of 2000. The increase in total SG&A dollars was primarily due to increased management payroll, advertising and rent expense in connection with the additional branch offices acquired in the TSU acquisition.

Depreciation and amortization totaled $1.6 million or 0.9% of revenues for the six months ended June 30, 2000, which compares to $1.1 million or 0.7% of revenues for the same period of 1999. The increased expense was primarily due to the amortization arising from the acquisition of TSU coupled with depreciation and amortization from the March 1, 2000 implementation of the Company's new information system.

Other expense totaled $283,000 or 0.2% of revenues for the six-month period ended June 30, 2000, which compares to $57,000 of other income for the comparable 1999 period. The increase in expense was primarily due to net interest expense on higher debt levels necessary to finance three acquisitions in 1999.

Fluctuations in Quarterly Operating Results
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The Company has historically experienced significant fluctuations in its quarterly operating results and expects such fluctuations to continue in the future. The Company's operating results may fluctuate due to a number of factors such as seasonality, wage limits on payroll taxes, claims experience for workers' compensation, demand and competition for the Company's services and the effect of acquisitions. The Company's revenue levels fluctuate from quarter to quarter primarily due to the impact of seasonality in its staffing services business and on certain of its PEO clients in the agriculture and forest products related industries. As a result, the Company may have greater revenues and net income in the third and fourth quarters of its fiscal year. Payroll taxes and benefits fluctuate with the level of direct payroll costs but may tend to represent a smaller percentage of revenues later in the Company's fiscal year as federal and state statutory wage limits for unemployment and to a lesser extent social security taxes are exceeded by some employees. Workers' compensation expense varies with both the frequency and severity of workplace injury claims reported during a quarter, as well as adverse loss development of prior period claims during the current or subsequent quarters.

Liquidity and Capital Resources
- -------------------------------

The Company's cash position of $332,000 at June 30, 2000 decreased by $218,000 from December 31, 1999, which compares to a decrease of $3,084,000 for the comparable period in 1999. The decrease in cash at June 30, 2000, as compared to December 31, 1999, was primarily attributable to payments on long-term debt issued in connection with the 1999 TSU acquisition, cash used to repurchase the Company's common stock and cash used to implement the Company's new management information system, partially offset by cash provided by net income and depreciation and amortization.

Net cash provided by operating activities for the six months ended June 30, 2000 amounted to $3,634,000, as compared to $2,589,000 for the comparable 1999 period. For the 2000 period, cash flow was primarily generated by net income, together with noncash expenses of depreciation and amortization and a decrease in accounts receivable, partially offset by an increase in deferred tax assets and a decrease in accounts payable.

Liquidity and Capital Resources (continued)
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Net cash used in investing activities totaled $762,000 for the six months ended June 30, 2000, as compared to $14,036,000 for the similar 1999 period. For the 2000 period, the principal use of cash for investing activities was for costs associated with the March 1, 2000 implementation of the Company's new management information system. The Company presently has no material long-term capital commitments. For the 1999 period, the principal use of cash was for the acquisition of three staffing service businesses.

Net cash used in financing activities for the six-month period ended June 30, 2000 was $3,090,000, which compared to $8,363,000 net cash provided by financing activities for the similar 1999 period. For the 2000 period, the principal use of cash in financing activities was $1,389,000 of payments made on long-term debt, primarily the $8,000,000 three-year term loan in connection with the Company's acquisition of TSU, $974,000 of cash used to repurchase the Company's common stock and $865,000 of cash used for payment of a note payable issued in connection with the TSU acquisition.

The Company's business strategy is based in part on growth through the expansion of operations at existing offices, together with the acquisition of additional personnel-related businesses, both in its existing markets and other strategic geographic areas. The Company explores proposals for various acquisition opportunities on an ongoing basis, but there can be no assurance that any additional transactions will be consummated.

Effective May 31, 2000, the Company's credit arrangement with its principal bank was renewed on terms and conditions which were generally more favorable than the prior agreement. The amended agreement provides for an increase in the unsecured credit facility from $12.0 million to $15.0 million. This facility, which expires May 31, 2001, includes a subfeature for letters of credit, as to which approximately $2.4 million were outstanding as of June 30, 2000. Management believes that the credit facility and other potential sources of financing, together with anticipated funds generated from operations, will be sufficient in the aggregate to fund the Company's working capital needs for the foreseeable future.

During 1999, the Company's board of directors authorized a stock repurchase program. Since inception, the board has approved two increases in the total number of shares authorized to be repurchased under this program. The repurchase program currently allows for the repurchase of up to 700,000 common shares from time to time in open market purchases. During the first six months of 2000, the Company repurchased 162,700 shares at an aggregate price of $974,000. As of August 9, 2000, the Company has repurchased 391,800 shares for an aggregate price of $2,525,000, since the

Liquidity and Capital Resources (continued)

inception of the repurchase program. Management anticipates that the capital necessary to execute this program will be provided by existing cash balances and other available sources of financing.

Inflation

Inflation generally has not been a significant factor in the Company's operations during the periods discussed above. The Company has taken into account the impact of escalating medical and other costs in establishing reserves for future expenses for self-insured workers' compensation claims.

Forward-Looking Information

Statements in this report which are not historical in nature, including discussion of economic conditions in the Company's market areas, the potential for and effect of future acquisitions, the effect of changes in the Company's mix of services on gross margin, the adequacy of the Company's workers' compensation reserves and allowance for doubtful accounts, the tax-qualified status of the Company's 401(k) savings plan, and the availability of financing and working capital to meet the Company's funding requirements, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors with respect to the Company include difficulties associated with integrating acquired businesses and customers into the Company's operations, economic trends in the Company's service areas, the availability of qualified applicants for employment opportunities, uncertainties regarding government regulation of PEOs, including the possible adoption by the IRS of an unfavorable position as to the tax-qualified status of employee benefit plans maintained by PEOs, future workers' compensation claims experience, and the availability of and costs associated with potential sources of financing. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk for changes in interest rates primarily relates to the Company's short-term and long-term debt obligations. As of June 30, 2000, the Company had interest-bearing debt obligations of approximately $11.7 million, of which approximately $10.1 million bears interest at a variable rate and approximately $1.6 million at a fixed rate of interest. The variable rate debt is comprised of approximately $5.0 million outstanding under an unsecured revolving credit facility, which bears interest at the Federal Funds rate plus 1.25% or LIBOR plus 1.00%. The Company also has an unsecured three-year term note with its principal bank, which bears interest at LIBOR plus 1.35%. Based on the Company's overall interest exposure at June 30, 2000, a 10 percent change in market interest rates would not have a material effect on the fair value of the Company's long-term debt or its results of operations. As of June 30, 2000, the Company had not entered into any interest rate instruments to reduce its exposure to interest rate risk.

Part II - Other Information

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its 2000 annual meeting of stockholders on May 16,

2000. The following directors were elected at the annual meeting:

	For	Withheld	Abstentions and Broker Non-Votes
Robert R. Ames	6,149,891	628,552	48,000
Richard W. Godard	6,198,191	580,252	400
Herbert L. Hochberg	6,149,291	629,152	49,300
Anthony Meeker	6,149,891	628,552	48,700
Nancy B. Sherertz	6,166,366	612,077	32,225
William W. Sherertz	6,198,391	580,052	400

The other matters presented for action at the annual meeting were approved by the following vote:

	For	Against	Abstentions and Broker Non-Votes
Approval to amend the Company's 1993 Stock Incentive Plan	5,578,485	1,198,998	960
Approval of the appointment of PricewaterhouseCoopers LLP as independent accountants	6,726,483	49,200	2,760

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits filed herewith are listed in the Exhibit Index following the signature page of this report.

(b) No Current Reports on Form 8-K were filed by the Registrant during the quarter ended June 30, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BARRETT BUSINESS SERVICES, INC.
(Registrant)

Date: August 10, 2000

By:/s/ Michael D. Mulholland
Michael D. Mulholland
Vice President-Finance
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit	
4.1	Loan Agreement between the registrant and Wells Fargo Bank, N.A. and Revolving Line of Credit Note, each dated May 31, 2000.
11	Statement of Calculation of Basic and Diluted Common Shares Outstanding
27	Financial Data Schedule

Portland Commercial Banking
1300 SW Fifth Avenue
P O Box 3131, MAC 6101-133
Portland, OR 97208-3131

WELLS
FARGO

May 31, 2000

BARRETT BUSINESS SERVICES, INC.
4724 SW Macadam Avenue
Portland, OR 97201

Dear Mr. Mulholland:

This letter is to confirm that WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank"), subject to all terms and conditions contained herein, has agreed to make available to BARRETT BUSINESS SERVICES, INC. ("Borrower") the following described credit accommodations (each, a "Credit" and collectively, the "Credits"):

1. A revolving line of credit under which Bank will make advances to Borrower from time to time up to and including May 31, 2001, not to exceed at any time the maximum principal amount of Fifteen Million Dollars ($15,000,000.00) ("Line of Credit"), the proceeds of which shall be used for working capital requirements.

2. A term loan in the original principal amount of Six Hundred Ninety-three Thousand Seven Hundred Fifty Dollars ($693,750.00) ("Term Loan A"), on which the outstanding principal balance as of the date hereof is $467,028.06. Subject to the terms and conditions of this letter, Bank hereby confirms that Term Loan A remains in full force and effect.

3. A term loan in the original principal amount of Eight Million Dollars ($8,000,000.00) ("Term Loan B"), on which the outstanding principal balance as of the date hereof is $5,555,555.58. Subject to the terms and conditions of this letter, Bank hereby confirms that Term Loan B remains in full force and effect.

I. CREDIT TERMS:

1. LINE OF CREDIT:

(a) Line of Credit Note. Borrower's obligation to repay advances under the Line of Credit shall be evidenced by a promissory note substantially in the form of Exhibit A attached hereto ("Line of Credit Note"), all terms of which are incorporated herein by this reference.

(b) Letter of Credit Subfeature. As a subfeature under the Line of Credit, Bank agrees from time to time during the term thereof to issue standby letters of credit for the account of Borrower (each, a "Letter of Credit" and collectively, "Letters of Credit"); provided however, that the form and substance of each Letter of Credit shall be subject to approval by Bank, in its sole discretion; and provided further, that the aggregate undrawn amount of all outstanding Letters of Credit shall not at any time exceed Five Million Dollars ($5,000,000.00). Each Letter of Credit shall be issued for a term not to exceed 365 days, as designated by Borrower;

provided however, that no Letter of Credit shall have an expiration date more than ninety (90) days beyond the maturity date of the Line of Credit. The undrawn amount of all Letters of Credit shall be reserved under the Line of Credit and shall not be available for borrowings thereunder. Each Letter of Credit shall be subject to the additional terms and conditions of the Letter of Credit Agreement and related documents, if any, required by Bank in connection with the issuance thereof. Each draft paid by Bank under a Letter of Credit shall be deemed an advance under the Line of Credit and shall be repaid by Borrower in accordance with the terms and conditions of this letter applicable to such advances; provided however, that if advances under the Line of Credit are not available, for any reason, at the time any draft is paid by Bank, then Borrower shall immediately pay to Bank the full amount of such draft, together with interest thereon from the date such amount is paid by Bank to the date such amount is fully repaid by Borrower, at the rate of interest applicable to advances under the Line of Credit. In such event Borrower agrees that Bank, in its sole discretion, may debit any demand deposit account maintained by Borrower with Bank for the amount of any such draft.

(c) Borrowing and Repayment. Borrower may from time to time during the term of the Line of Credit borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions contained herein or in the Line of Credit Note; provided however, that the total outstanding borrowings under the Line of Credit shall not at any time exceed the maximum principal amount available thereunder, as set forth above.

2. TERM LOAN A:

(a) Term Note A. Borrower's obligation to repay Term Loan A is evidenced by a promissory note substantially in the form of Exhibit B attached hereto ("Term Note A"), all terms of which are incorporated herein by this reference. Any reference in Term Note A to any prior loan agreement between Bank and Borrower shall be deemed a reference to this letter.

(b) Repayment. Principal and interest on Term Loan A shall be repaid in accordance with the provisions of Term Note A.

(c) Prepayment. Borrower may prepay principal on Term Loan A solely in accordance with the provisions of Term Note A.

3. TERM LOAN B:

(a) Term Note B. Borrower's obligation to repay Term Loan B is evidenced by a promissory note substantially in the form of Exhibit C attached hereto ("Term Note B"), all terms of which are incorporated herein by this reference. Any reference in Term Note B to any prior loan agreement between Bank and Borrower shall be deemed a reference to this letter.

(b) Repayment. The principal amount of Term Loan B shall be repaid in accordance with the provisions of Term Note B.

(c) Prepayment. Borrower may prepay principal on Term Loan B solely in accordance with the provisions of Term Note B.

4. COLLATERAL:

As security for all indebtedness of Borrower to Bank under Term Loan A, Borrower hereby grants to Bank a lien of not less than first priority on that certain real property located at 4724 SW Macadam Avenue, Portland, OR.

All of the foregoing shall be evidenced by and subject to the terms of such security agreements, financing statements, deeds of trust and other documents as Bank shall reasonably require, all in form and substance satisfactory to Bank. Borrower shall reimburse Bank immediately upon demand for all costs and expenses incurred by Bank in connection with any of the foregoing security, including without limitation, filing and recording fees and costs of appraisals, audits and title insurance.

II. INTEREST/FEES:

1. Interest. The outstanding principal balances of the Line of Credit, Term Loan A and Term Loan B shall bear interest at the rates of interest set forth in the Line of Credit Note, Term Note A and Term Note B (collectively, the "Notes").

2. Computation and Payment. Interest on the Line of Credit and Term Loan B shall be computed on the basis of a 360-day year, actual days elapsed. Interest on Term Loan A shall be computed on the basis of a 366-day year, actual days elapsed. Interest shall be payable at the times and place set forth in the Notes.

3. Unused Commitment Fee. Borrower shall pay to Bank a fee equal to fifteen hundredths percent (0.15%) per annum (computed on the basis of a 360-day year, actual days elapsed) on the average daily unused amount of the Line of Credit, which fee shall be calculated on a quarterly basis by Bank and shall be due and payable by Borrower in arrears on the last day of each March, June, September and December.

4. Letter of Credit Fees. Borrower shall pay to Bank fees upon the issuance of each Letter of Credit, upon the payment or negotiation by Bank of each draft under any Letter of Credit and upon the occurrence of any other activity with respect to any Letter of Credit (including without limitation, the transfer, amendment or cancellation of any Letter of Credit) determined in accordance with Bank's standard fees and charges then in effect for such activity, but in any event not more than 90 basis points, without prior notice.

5. Collection of Payments. Borrower authorizes Bank to collect all principal, interest and fees due under each Credit by charging Borrower's demand

deposit account number 4159-583848 with Bank, or any other demand deposit account maintained by Borrower with Bank, for the full amount thereof. Should there be insufficient funds in any such demand deposit account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.

III. REPRESENTATIONS AND WARRANTIES:

Borrower makes the following representations and warranties to Bank, which representations and warranties shall survive the execution of this letter and shall continue in full

force and effect until the full and final payment, and satisfaction and discharge, of all obligations of Borrower to Bank subject to this letter.

1. Legal Status. Borrower is a corporation, duly organized and existing and in good standing under the laws of the state of Maryland, and is qualified or licensed to do business in all jurisdictions in which such qualification or licensing is required or in which the failure to so qualify or to be so licensed could have a material adverse effect on Borrower.

2. Authorization and Validity. This letter, the Notes, and each other document, contract or instrument deemed necessary by Bank to evidence any extension of credit to Borrower pursuant to the terms and conditions hereof, or now or at any time hereafter required by or delivered to Bank in connection with this letter (collectively, the "Loan Documents") have been duly authorized, and upon their execution and delivery in accordance with the provisions hereof will constitute legal, valid and binding agreements and obligations of Borrower or the party which executes the same, enforceable in accordance with their respective terms.

3. No Violation. The execution, delivery and performance by Borrower of each of the Loan Documents do not violate any provision of any law or regulation, or contravene any provision of the Articles of Incorporation or By-Laws of Borrower, or result in a breach of or constitute a default under any contract, obligation, indenture or other instrument to which Borrower is a party or by which Borrower may be bound.

4. Litigation. There are no pending, or to the best of Borrower's knowledge threatened, actions, claims, investigations, suits or proceedings by or before any governmental authority, arbitrator, court or administrative agency which could have a material adverse effect on the financial condition or operation of Borrower other than those disclosed by Borrower to Bank in writing prior to the date hereof.

5. Correctness of Financial Statement. The financial statement of Borrower dated March 31, 2000, a true copy of which has been delivered by Borrower to Bank prior to the date hereof, (a) is complete and correct and presents fairly the financial condition of Borrower, (b) discloses all liabilities of Borrower that are required to be reflected or reserved against under generally accepted accounting principles, whether liquidated or unliquidated, fixed or contingent, and (c) has been prepared in accordance with generally accepted accounting principles consistently applied. Since the date of such financial statement there has been no material adverse change in the condition or operation of Borrower, nor has Borrower mortgaged, pledged, granted a security interest in or otherwise encumbered any of its assets or properties except in favor of Bank or as otherwise permitted by Bank in writing.

6. Income Tax Returns. Borrower has no knowledge of any pending material assessments or material adjustments of its income tax payable with respect to any year.

7. No Subordination. There is no agreement, indenture, contract or instrument to which Borrower is a party or by which Borrower may be bound that requires the subordination in right of payment of any of Borrower's obligations subject to this letter to any other obligation of Borrower.

8. Permits, Franchises. Borrower possesses, and will hereafter possess, all permits, consents, approvals, franchises and licenses required and all rights to trademarks,

trade names, patents and fictitious names, if any, necessary to enable it to conduct the business in which it is now engaged in compliance with applicable law.

9. ERISA. To the best of Borrower's knowledge, Borrower is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended or recodified from time to time ("ERISA"); Borrower has not violated any provision of any defined employee pension benefit plan (as defined in ERISA) maintained or contributed to by Borrower (each, a "Plan"); no Reportable Event, as defined in ERISA, has occurred and is continuing with respect to any Plan initiated by Borrower; Borrower has met its minimum funding requirements under ERISA with respect to each Plan; and each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under generally accepted accounting principles.

10. Other Obligations. Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation.

11. Environmental Matters. Except as disclosed by Borrower to Bank in writing prior to the date hereof, Borrower is in compliance in all material respects with all applicable federal or state environmental, hazardous waste, health and safety statutes, and any rules or regulations adopted pursuant thereto, which govern or affect any of Borrower's operations and/or properties, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Federal Resource Conservation and Recovery Act of 1976, and the Federal Toxic Substances Control Act, as any of the same may be amended, modified or supplemented from time to time. None of the operations of Borrower is the subject of any federal or state investigation evaluating whether any remedial action involving a material expenditure is needed to respond to a release of any toxic or hazardous waste or substance into the environment. Borrower has no material contingent liability in connection with any release of any toxic or hazardous waste or substance into the environment.

12. Real Property Collateral. Except as disclosed by Borrower to Bank in writing prior to the date hereof, with respect to any real property collateral required hereby:

(a) All taxes, governmental assessments, insurance premiums, and water, sewer and municipal charges, and rents (if any) which previously became due and owing in respect thereof have been paid as of the date hereof.

(b) There are no construction or similar liens or claims which have been filed for work, labor or material (and no rights are outstanding that under law could give rise to any such lien) which affect all or any interest in any such real property and which are or may be prior to or equal to the lien thereon in favor of Bank.

(c) None of the improvements which were included for purpose of determining the appraised value of any such real property lies outside of the boundaries and/or building restriction lines thereof, and no improvements on adjoining properties materially encroach upon any such real property.

(d) There is no pending, or to the best of Borrower's knowledge threatened, proceeding for the total or partial condemnation of all or any portion of any such real property,

and all such real property is in good repair and free and clear of any damage that would materially and adversely affect the value thereof as security and/or the intended use thereof.

IV. CONDITIONS:

1. Conditions of Initial Extension of Credit. The obligation of Bank to grant any of the Credits is subject to fulfillment to Bank's satisfaction of all of the following conditions:

(a) Documentation. Bank shall have received each of the Loan Documents, duly executed and in form and substance satisfactory to Bank.

(b) Financial Condition. There shall have been no material adverse change, as determined by Bank, in the financial condition or business of Borrower, nor any material decline, as determined by Bank, in the market value of any collateral required hereunder or a substantial or material portion of the assets of Borrower.

(c) Insurance. Borrower shall have delivered to Bank evidence of insurance coverage on all Borrower's property, in form, substance, amounts, covering risks and issued by companies satisfactory to Bank, and where required by Bank, with loss payable endorsements in favor of Bank, including without limitation, policies of fire and extended coverage insurance covering all real property collateral required hereby, with replacement cost and mortgagee loss payable endorsements, and such policies of insurance against specific hazards affecting any such real property as may be required by governmental regulation or Bank.

(d) Appraisals. Bank shall have obtained, at Borrower's cost, an appraisal of all real property collateral required hereby, and all improvements thereon, issued by an appraiser acceptable to Bank and in form, substance and reflecting values satisfactory to Bank, in its discretion.

(e) Title Insurance. Bank shall have received an ALTA Policy of Title Insurance, with such endorsements as Bank may require, issued by a company and in form and substance satisfactory to Bank, in such amount as Bank shall require, insuring Bank's lien on the real property collateral required hereby to be of first priority, subject only to such exceptions as Bank shall approve in its discretion, with all costs thereof to be paid by Borrower.

2. Conditions of Each Extension of Credit. The obligation of Bank to make each extension of credit requested by Borrower hereunder shall be subject to the fulfillment to Bank's satisfaction of each of the following conditions:

(a) Compliance. The representations and warranties contained herein and in each of the other Loan Documents shall be true on and as of the date of the signing of this letter and on the date of each extension of credit by Bank pursuant hereto, with the same effect as though such representations and warranties had been made on and as of each such date, and on each such date, no default hereunder, and no condition, event or act which with the giving of notice or the passage of time or both would constitute such a default, shall have occurred and be continuing or shall exist.

(b) Documentation. Bank shall have received all additional documents which may be required in connection with such extension of credit.

V. COVENANTS:

Borrower covenants that so long Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower shall, unless Bank otherwise consents in writing:

1. Punctual Payment. Punctually pay all principal, interest, fees or other liabilities due under any of the Loan Documents at the times and place and in the manner specified therein.

2. Accounting Records. Maintain adequate books and records in accordance with generally accepted accounting principles consistently applied, and permit any representative of Bank, at any reasonable time, to inspect, audit and examine such books and records, to make copies of the same and inspect the properties of Borrower.

3. Financial Statements. Provide to Bank all of the following, in form and detail satisfactory to Bank:

(a) not later than 95 days after and as of the end of each fiscal year, an audited financial statement of Borrower, prepared by a certified public accountant acceptable to Bank, to include balance sheet, income statement, statement of cash flows, and a copy of Borrower's Form 10-K report filed with the Securities and Exchange Commission;

(b) not later than 50 days after and as of the end of each fiscal quarter, a copy of Borrower's Form 10-Q report filed with the Securities and Exchange Commission;

(c) from time to time such other information as Bank may reasonably request, including without limitation, copies of rent rolls and other information with respect to any real property collateral required hereby.

4. Compliance. Preserve and maintain all licenses, permits, governmental approvals, rights, privileges and franchises necessary for the

conduct of its business; and comply with the provisions of all documents pursuant to which Borrower is organized and/or which govern Borrower's continued existence and with the requirements of all laws, rules, regulations and orders of a governmental agency applicable to Borrower and/or its business.

5. Insurance. Maintain and keep in force insurance of the types and in amounts customarily carried in lines of business similar to that of Borrower, including but not limited to fire, extended coverage, public liability, flood, property damage and workers' compensation, with all such insurance carried with companies and in amounts satisfactory to Bank, and deliver to Bank from time to time at Bank's request schedules setting forth all insurance then in effect.

6. Facilities. Keep all properties useful or necessary to Borrower's business in good repair and condition, and from time to time make necessary repairs, renewals and replacements thereto so that such properties shall be fully and efficiently preserved and maintained.

7. Taxes and Other Liabilities. Pay and discharge when due any and all indebtedness, obligations, assessments and taxes, both real or personal, including without limitation federal and state income taxes and state and local property taxes and assessments, except (a) such as Borrower may in good faith contest or as to which a bona fide dispute may arise, and (b) for which Borrower has made provision, to Bank's satisfaction, for eventual payment thereof in the event Borrower is obligated to make such payment.

8. Litigation. Promptly give notice in writing to Bank of any litigation pending or threatened against Borrower with a claim in excess of $100,000.00.

9. Financial Condition. Maintain Borrower's financial condition as follows using generally accepted accounting principles consistently applied and used consistently with prior practices (except to the extent modified by the definitions herein):

(a) Current Ratio not less than 1.15 to 1.0 as of the end of each fiscal quarter, with "Current Ratio" defined as total current assets divided by total current liabilities.

(b) EBITDA not less than $10,000,000.00 as of each fiscal quarter end, determined on a trailing 4-quarter basis including the current quarter then ended, with "EBITDA" defined defined as net profit before tax plus interest expense (net of capitalized interest expense), depreciation expense and amortization expense.

(c) Funded Debt to EBITDA Ratio as of the end of each fiscal quarter not more than 2.25 to 1.0, with "Funded Debt" defined as all borrowed funds plus the amount of all capitalized lease obligations of Borrower.

10. Other Indebtedness. Not create, incur, assume or permit to exist any indebtedness or liabilities resulting from borrowings, loans or advances, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several, except (a) the liabilities of Borrower to Bank, and (b) any other liabilities of Borrower existing as of, and disclosed to Bank prior to, the date hereof and (c) the unsecured liabilities of Borrower to sellers of companies acquired by Borrower, the total of which shall not exceed an aggregate of $3,500,000.00, without prior Bank approval.

11. Merger, Consolidation, Transfer of Assets. Not merge into or consolidate with any other entity; nor make any substantial change in the nature of Borrower's business as conducted as of the date hereof; nor acquire all or substantially all of the assets of any other entity in any transaction involving a purchase price of $20,000,000.00 or more without the prior written approval of Bank, which approval shall not be unreasonably withheld; nor sell, lease, transfer or otherwise dispose of all or a substantial or material portion of Borrower's assets except in the ordinary course of its business.

12. Guaranties. Not guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments for deposit or collection in the ordinary course of business), accommodation endorser or otherwise for, nor pledge or hypothecate any assets of Borrower as security for, any liabilities or obligations of any other person or entity, except any of the foregoing in favor of Bank.

13. Loans, Advances, Investments. Not make any loans or advances to or investments in any person or entity, except any of the foregoing existing as of, and disclosed to

Bank prior to, the date hereof, or any loans or advances or investments made in the normal course, such as short term advances to employees or investments of excess cash.

14. Pledge of Assets. Not mortgage, pledge, grant or permit to exist a security interest in, or lien upon, all or any portion of Borrower's assets now owned or hereafter acquired, except any of the foregoing in favor of Bank or which are existing as of, and disclosed to Bank in writing prior to, the date hereof, and except security interests for the purchase or lease of assets up to an aggregate principal amount of $25,000.00.

VI. DEFAULT, REMEDIES:

1. Default, Remedies. Upon the violation of any term or condition of any of the Loan Documents, or upon the occurrence of any default or defined event of default under any of the Loan Documents: (a) all indebtedness of Borrower under each of the Loan Documents, any term thereof to the contrary notwithstanding, shall at Bank's option and without notice become immediately due and payable without presentment, demand, protest or notice of dishonor, all of which are expressly waived by Borrower; (b) the obligation, if any, of Bank to extend any further credit under any of the Loan Documents shall immediately cease and terminate; and (c) Bank shall have all rights, powers and remedies available under each of the Loan Documents, or accorded by law, including without limitation the right to resort to any or all security for any of the Credits and to exercise any or all of the rights of a beneficiary or secured party pursuant to applicable law. All rights, powers and remedies of Bank may be exercised at any time by Bank and from time to time after the occurrence of any such breach or default, are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

2. No Waiver. No delay, failure or discontinuance of Bank in exercising any right, power or remedy under any of the Loan Documents shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default under any of the Loan Documents must be in writing and shall be effective only to the extent set forth in such writing.

VII. MISCELLANEOUS:

1. Notices. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this letter must be in writing delivered to each party at its address first set forth above, or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by hand delivery, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

2. Costs, Expenses and Attorneys' Fees. Borrower shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of Bank's in-house counsel), expended or incurred by Bank in connection with (a) the negotiation

and preparation of this letter and the other Loan Documents, Bank's continued administration hereof and thereof, and the preparation of amendments and waivers hereto and thereto, (b) the enforcement of Bank's rights and/or the collection of any amounts which become due to Bank under any of the Loan Documents, and (c) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to any Borrower or any other person or entity.

3. Successors, Assignment. This letter shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that Borrower may not assign or transfer its interest hereunder without Bank's prior written consent. Bank reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Bank's rights

and benefits under each of the Loan Documents. In connection therewith Bank may disclose all documents and information which Bank now has or hereafter may acquire relating to any of the Credits, Borrower or its business, or any collateral required hereunder.

4. Entire Agreement; Amendment. This letter and the other Loan Documents constitute the entire agreement between Borrower and Bank with respect to the Credits and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter hereof. This letter may be amended or modified only in writing signed by each party hereto.

5. No Third Party Beneficiaries. This letter is made and entered into for the sole protection and benefit of the parties hereto and their respective permitted successors and assigns, and no other person or entity shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this letter or any other of the Loan Documents to which it is not a party.

6. Severability of Provisions. If any provision of this letter shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this letter.

7. Governing Law. This letter shall be governed by and construed in accordance with the laws of the State of Oregon.

8. Arbitration.

(a) Arbitration. Upon the demand of any party, any Dispute shall be resolved by binding arbitration (except as set forth in (e) below) in accordance with the terms of this letter. A "Dispute" shall mean any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to, any of the Loan Documents, or any past, present or future extensions of credit and other activities, transactions or obligations of any kind related directly or indirectly to any of the Loan Documents, including without limitation, any of the foregoing arising in connection with the exercise of any self-help, ancillary or other remedies pursuant to any of the Loan Documents. Any party may by summary proceedings bring an

action in court to compel arbitration of a Dispute. Any party who fails or refuses to submit to arbitration following a lawful demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any Dispute.

(b) Governing Rules. Arbitration proceedings shall be administered by the American Arbitration Association ("AAA") or such other administrator as the parties shall mutually agree upon in accordance with the AAA Commercial Arbitration Rules. All Disputes submitted to arbitration shall be resolved in accordance with the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the Loan Documents. The arbitration shall be conducted at a location in Oregon selected by the AAA or other administrator. If there is any inconsistency between the terms hereof and any such rules, the terms and procedures set forth herein shall control. All statutes of limitation applicable to any Dispute shall apply to any arbitration proceeding. All discovery activities shall be expressly limited to matters directly relevant to the Dispute being arbitrated. Judgment upon any award rendered in an arbitration may be entered in any court having jurisdiction; provided however, that nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. Section 91 or any similar applicable state law.

(c) No Waiver; Provisional Remedies, Self-Help and Foreclosure. No provision hereof shall limit the right of any party to exercise self-help remedies such as setoff, foreclosure against or sale of any real or personal property collateral or security, or to obtain provisional or ancillary remedies, including without limitation injunctive relief, sequestration, attachment, garnishment or the appointment of a receiver, from a court of competent jurisdiction before, after or during the pendency of any arbitration or other proceeding. The exercise of any such remedy shall not waive the right of any party to compel arbitration hereunder.

(d) Arbitrator Qualifications and Powers; Awards. Arbitrators must be active members of the Oregon State Bar or retired judges of the state or federal judiciary of Oregon, with expertise in the substantive law applicable to the subject matter of the Dispute. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the State of Oregon, (ii) may grant any remedy or relief that a court of the State of Oregon could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Oregon Rules of Civil Procedure or other applicable law. Any Dispute in which the amount in controversy is $5,000,000 or less shall be decided by a single arbitrator who shall not render an award of greater than $5,000,000 (including damages, costs, fees and expenses). By submission to a single arbitrator, each party expressly waives any right or claim to recover more than $5,000,000. Any Dispute in which the amount in controversy exceeds $5,000,000 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations.

(e) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the Dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business, by applicable law or regulation, or to the extent necessary to exercise any judicial review rights set forth herein. If more than one

agreement for arbitration by or between the parties potentially applies to a Dispute, the arbitration provision most directly related to the Loan Documents or the subject matter of the Dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Loan Documents or any relationship between the parties.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BANK AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BANK TO BE ENFORCEABLE.

Your acknowledgment of this letter shall constitute acceptance of the foregoing terms and conditions. Bank's commitment to extend any credit to Borrower pursuant to the terms of this letter shall terminate on June 30, 2000, unless this letter is acknowledged by Borrower and returned to Bank on or before that date.

Sincerely,

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: /s/ Julie Wilson

Julie Wilson
Vice President

Acknowledged and accepted as of 6-1-00:

BARRETT BUSINESS SERVICES, INC.

By: /s/ Michael D. Mulholland

Michael D. Mulholland
Vice President-Finance

REVOLVING LINE OF CREDIT NOTE

$15,000,000.00 Portland, Oregon
May 31, 2000

FOR, VALUE RECEIVED, the undersigned BARRETT BUSINESS SERVICES, INC. ("Borrower") promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") at its office at 1300 S. W. Fifth Avenue, T-13, Portland, Oregon, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of Fifteen Million Dollars ($15,000,000.00), or so much thereof as may be advanced thereon, to be computed on each advance from the date of its disbursement as set forth herein.

DEFINITIONS:

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

(a) "Business Day" means any day except a Saturday, Sunday or any other day on which commercial banks in Oregon are authorized or required by law to close.

(b) "Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations of such rates on such day received by Bank from three Federal funds brokers of recognized standing selected by it.

(c) "Fixed Rate Term" means a period commencing on a Business Day and continuing for one (1), two (2), or three (3) months, as designated by Borrower, during which all or a portion of the outstanding principal balance of this Note bears interest determined in relation to LIBOR; provided however, that no Fixed Rate Term may be selected for a principal amount less than Five Hundred Thousand Dollars ($500,000.00); and provided further, that no Fixed Rate Term shall extend beyond the scheduled maturity date hereof. If any Fixed Rate Term would end on a day which is not a Business Day, then such Fixed Rate Term shall be extended to the next succeeding Business Day.

(d) "LIBOR" means the rate per annum (rounded upward, if necessary, to the nearest whole 1/8 of 1%) and determined pursuant to the following formula:

$$\text{LIBOR} = \frac{\text{Base LIBOR}}{100\% - \text{LIBOR Reserve Percentage}}$$

(i) "Base LIBOR" means the rate per annum for United States dollar deposits quoted by Bank as the Inter-Bank Market Offered Rate, with the understanding that such rate is quoted by Bank for the purpose of calculating effective rates of interest for loans making reference thereto, on the first day of a Fixed Rate Term for delivery of funds on said date for a period of time approximately equal to the number of days in such Fixed Rate Term and in an amount approximately equal to the principal amount to which such Fixed Rate Term applies. Borrower understands and agrees that Bank may base its quotation of the Inter-Bank Market Offered Rate upon such offers or other market indicators of the Inter-Bank Market as Bank in its discretion deems appropriate including, but not limited to, the rate offered for U.S. dollar deposits on the London Inter-Bank Market.

(ii) "LIBOR Reserve Percentage" means the reserve percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), adjusted by Bank for expected changes in such reserve percentage during the applicable Fixed Rate Term.

(e) "Prime Rate" means at any time the rate of interest most recently announced within Bank at its principal office as its Prime Rate, with the understanding that the Prime Rate is one of Bank's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate.

INTEREST:

(a) Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) either (i) at a fluctuating rate per annum equal to the Prime Rate in effect from time to time, (ii) at a fluctuating rate per annum one and one-quarter percent (1.25%) above the Federal Funds Rate in effect from time to time, or (iii) at a fixed rate per annum determined by Bank to be one percent (1.00%) above LIBOR in effect on the first day of the applicable Fixed Rate Term. When interest is determined in relation to the Prime Rate or Federal Funds Rate, each change in the rate of interest hereunder shall become effective on the date each Prime Rate or Federal Funds Rate change is announced within Bank. With respect to each LIBOR selection hereunder, Bank is

hereby authorized to note the date, principal amount, interest rate and Fixed Rate Term applicable thereto and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted.

(b) Selection of Interest Rate Options. At any time any portion of this

Note bears interest determined in relation to LIBOR, it may be continued by Borrower at the end of the Fixed Rate Term applicable thereto so that all or a portion thereof bears interest determined in relation to the Prime Rate, to the Federal Funds Rate, or to LIBOR for a new Fixed Rate Term designated by Borrower. At any time any portion of this Note bears interest determined in relation to the Prime Rate or to the Federal Funds Rate, Borrower may convert all or a portion thereof so that it bears interest determined in relation to LIBOR for a Fixed Rate Term designated by Borrower. At such time as Borrower requests an advance hereunder or wishes to select a LIBOR option for all or a portion of the outstanding principal balance hereof, and at the end of each Fixed Rate Term, Borrower shall give Bank notice specifying: (i) the interest rate option selected by Borrower; (ii) the principal amount subject thereto; and (iii) for each LIBOR selection, the length of the applicable Fixed Rate Term. Any such notice may be given by telephone so long as, with respect to each LIBOR selection, (A) Bank receives written confirmation from Borrower not later than three (3) Business Days after such telephone notice is given, and (B) such notice is given to Bank prior to 10:00 a.m., California time, on the first day of the Fixed Rate Term. For each LIBOR option requested hereunder, Bank will quote the applicable fixed rate to Borrower at approximately 10:00 a.m., California time, on the first day of the Fixed Rate Term. If Borrower does not immediately accept the rate quoted by Bank, any subsequent acceptance by Borrower shall be subject to a redetermination by Bank of the applicable fixed rate; provided however, that if Borrower fails to accept any such rate by 11:00 a.m., California time, on the Business Day such quotation is given, then the quoted rate shall expire and Bank shall have no obligation to permit a LIBOR option to be selected on such day. If no specific designation of interest is made at the time any advance is requested hereunder or at the end of any Fixed Rate Term, Borrower shall be deemed to have made a Federal Funds Rate interest selection for such advance or the principal amount to which such Fixed Rate Term applied.

(c) Additional LIBOR Provisions.

(i) If Bank at any time shall determine that for any reason adequate and reasonable means do not exist for ascertaining LIBOR, then Bank shall promptly give notice thereof to Borrower. If such notice is given and until such notice has been withdrawn by Bank, then (A) no new LIBOR option may be selected by Borrower, and (B) any portion of the outstanding principal

balance hereof which bears interest determined in relation to LIBOR, subsequent to the end of the Fixed Rate Term applicable thereto, shall bear interest determined in relation to the Prime Rate.

(ii) If any law, treaty, rule, regulation or determination of a court or governmental authority or any change therein or in the interpretation or application thereof (each, a "Change in Law") shall make it unlawful for Bank (A) to make LIBOR options available hereunder, or (B) to maintain interest rates based on LIBOR, then in the former event, any obligation of Bank to make available such unlawful LIBOR options shall immediately be cancelled, and in the latter event, any such unlawful LIBOR-based interest rates then outstanding shall be converted, at Bank's option, so that interest on the portion of the outstanding principal balance subject thereto is determined in relation to the Prime Rate; provided however, that if any such Change in Law shall permit any LIBOR-based interest rates to remain in effect until the expiration of the Fixed Rate Term applicable thereto, then such permitted LIBOR-based interest rates shall continue in effect until the expiration of such Fixed Rate Term. Upon the occurrence of any of the foregoing events, Borrower shall pay to Bank immediately upon demand such amounts as may be necessary to compensate Bank for any fines, fees, charges, penalties or other costs incurred or payable by Bank as a result thereof and which are attributable to any LIBOR options made available to Borrower hereunder, and any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower.

(iii) If any Change in Law or compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority shall:

(A) subject Bank to any tax, duty or other charge with respect to any LIBOR options, or change the basis of taxation of payments to Bank of principal, interest, fees or any other amount payable hereunder (except for changes in the rate of tax on the overall net income of Bank); or

(B) impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances or loans by, or any other acquisition of funds by any office of Bank; or

(C) impose on Bank any other condition;

and the result of any of the foregoing is to increase the cost to Bank of making, renewing or maintaining any LIBOR options hereunder and/or to reduce any amount receivable by Bank in connection therewith, then in any such case, Borrower shall pay to Bank immediately upon demand such amounts as may be necessary

to compensate Bank for any additional costs incurred by Bank and/or reductions in amounts received by Bank which are attributable to such LIBOR options. In determining which costs incurred by Bank and/or reductions in amounts received by Bank are attributable to any LIBOR options made available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower.

(d) Payment of Interest. Interest accrued on this Note shall be payable on the first day of each month, commencing July 1, 2000.

(e) Default Interest. From and after the maturity date of this Note, or such earlier date as all principal owing hereunder becomes due and payable by acceleration or otherwise, the outstanding principal balance of this Note shall bear interest until paid in full at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to four percent (4%) above the rate of interest from time to time applicable to this Note.

BORROWING AND REPAYMENT:

(a) Borrowing and Repayment. Borrower may from time to time during the term of this Note borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions of this Note and of any document executed in connection with or governing this Note; provided however, that the total outstanding borrowings under this Note shall not at any time exceed the principal amount stated above. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by the holder hereof less the amount of principal payments made hereon by or for any Borrower, which balance may be endorsed hereon from time to time by the holder. The outstanding principal balance of this Note shall be due and payable in full on May 31, 2001.

(b) Advances. Advances hereunder, to the total amount of the principal sum stated above, may be made by the holder at the oral or written request of (i) William W. Sherertz, Jr. or Michael D. Mulholland, any one acting alone, who are authorized to request advances and direct the disposition of any advances until written notice of the revocation of such authority is received by the holder at the office designated above, or (ii) any person, with respect to advances deposited to the credit of any account of any Borrower with the holder, which advances, when so deposited, shall be conclusively presumed to have been made to or for the benefit of each Borrower regardless of the fact that persons other than those authorized to request advances may have authority to draw against such account. The holder shall have no obligation to determine whether any person requesting an advance is or has been authorized by any Borrower.

(c) Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof. All payments credited to principal shall be applied first, to the outstanding principal balance of this Note which bears interest determined in relation to the Prime Rate and/or Federal Funds Rate, if any, and second, to the outstanding principal balance of this Note which bears interest determined in relation to LIBOR, with such payments applied to the oldest Fixed Rate Term first.

PREPAYMENT:

(a) Prime Rate/Federal Funds Rate. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to the Prime Rate or Federal Funds Rate at any time, in any amount and without penalty.

(b) LIBOR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to LIBOR at any time and in the minimum amount of Five Hundred Thousand Dollars ($500,000.00); provided however, that if the outstanding principal balance of such portion of this Note is less than said amount, the minimum prepayment amount shall be the entire outstanding principal balance thereof. In consideration of Bank providing this prepayment option to Borrower, or if any such portion of this Note shall become due and payable at any time prior to the last day of the Fixed Rate Term applicable thereto by acceleration or otherwise, Borrower shall pay to Bank immediately upon demand a fee which is the sum of the discounted monthly differences for each month from the month of prepayment through the month in which such Fixed Rate Term matures, calculated as follows for each such month:

(i) Determine the amount of interest which would have accrued each month on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the Fixed Rate Term applicable thereto.

(ii) Subtract from the amount determined in (i) above the amount of interest which would have accrued for the same month on the amount prepaid for the remaining term of such Fixed Rate Term at LIBOR in effect on the date of prepayment for new loans made for such term and in a principal amount equal to the amount prepaid.

(iii) If the result obtained in (ii) for any month is greater than zero, discount that difference by LIBOR used in (ii) above.

Each Borrower acknowledges that prepayment of such amount may result in Bank incurring additional costs, expenses and/or liabilities, and that it is difficult to ascertain the full

extent of such costs, expenses and/or liabilities. Each Borrower, therefore, agrees to pay the above-described prepayment fee and agrees that said amount represents a reasonable estimate of the prepayment costs, expenses and/or liabilities of Bank. If Borrower fails to pay any prepayment fee when due, the amount of such prepayment fee shall thereafter bear interest until paid at a rate per annum two percent (2%) above the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed). Each change in the rate of interest on any such past due prepayment fee shall become effective on the date each Prime Rate change is announced within Bank.

EVENTS OF DEFAULT:

The occurrence of any of the following shall constitute an "Event of Default" under this Note:

(a) The failure to pay any principal, interest, fees or other charges when due hereunder or under any contract, instrument or document executed in connection with this Note.

(b) The filing of a petition by or against any Borrower, any guarantor of this Note or any general partner or joint venturer in any Borrower which is a partnership or a joint venture (with each such guarantor, general partner and/or joint venturer referred to herein as a "Third Party Obligor") under any provisions of the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or recodified from time to time, or under any similar or other law relating to bankruptcy, insolvency, reorganization or other relief for debtors; the appointment of a receiver, trustee, custodian or liquidator of or for any part of the assets or property of any Borrower or Third Party Obligor; any Borrower or Third Party Obligor becomes insolvent, makes a general assignment for the benefit of creditors or is generally not paying its debts as they become due; or any attachment or like levy on any property of any Borrower or Third Party Obligor.

(c) The dissolution or liquidation of any Borrower which is a corporation, partnership, joint venture or other types of entity.

(d) Any default in the payment or performance of any obligation, or any defined event of default, under any provisions of any contract, instrument or document pursuant to which any Borrower or Third Party Obligor has incurred any obligation for borrowed money, any purchase obligation, or any other liability of any kind to any person or entity, including the holder; provided, however, that any cure period applicable to such default has expired, and with respect to a default under any obligation to any person or entity other than Bank, the amount of the debt or other liability in default exceeds $5,000,000.00.

(e) Any financial statement provided by any Borrower or Third Party Obligor to Bank proves to be incorrect, false or misleading in any material respect.

(f) Any sale or transfer of all or a substantial or material part of the assets of any Borrower or Third Party Obligor other than in the ordinary course of its business.

(g) Any violation or breach of any provision of, or any defined event of default under, any addendum to this Note or any loan agreement, guaranty, security agreement, deed of trust, mortgage or other document executed in connection with or securing this Note, which, if such violation or breach is curable, is not cured within the earlier to occur of (i) 30 days after the occurrence thereof or (ii) any applicable cure period expressly provided in such document.

MISCELLANEOUS:

(a) Remedies. Upon the occurrence of any Event of Default, the holder of this Note, at the holder's option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor all of which are expressly waived by each Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Each Borrower shall pay to the holder immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to any Borrower or any other person or entity.

(b) Obligations Joint and Several. Should more than one person or entity sign this Note as a Borrower, the obligations of each such Borrower shall be joint and several.

(c) Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Oregon.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BANK AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD

PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BANK TO BE ENFORCEABLE.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BARRETT BUSINESS SERVICES, INC.

By: /s/ Michael D. Mulholland
Michael D. Mulholland
Vice President-Finance

EXHIBIT 11

BARRETT BUSINESS SERVICES, INC.
STATEMENT OF CALCULATION OF BASIC
AND DILUTED COMMON SHARES OUTSTANDING

<TABLE>

<S>	Three Months Ended June 30, 2000 <C>
Weighted average number of basic shares outstanding	7,415,745
Stock option plan shares to be issued at prices ranging from $2.40 to $17.94 per share	1,005,328
Less: Assumed purchase at average market price during the period using proceeds received upon exercise of options and purchase of stock, and using tax benefits of compensation due to premature dispositions	(962,269)
Weighted average number of diluted shares outstanding	7,458,804

</TABLE>

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EXHIBIT 27

BARRETT BUSINESS SERVICES, INC.
FINANCIAL DATA SCHEDULE

This schedule contains summary financial information extracted from the Company's balance sheet and related statement of operations for the period ended June 30, 2000 and is qualified in its entirety by reference to such financial statements.
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