

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

December 20, 2005

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

Maryland
(State or other jurisdiction of incorporation)

0-21886
(SEC File Number)

52-0812977
(IRS Employer Identification No.)

4724 S.W. Macadam Avenue
Portland, Oregon
(Address of principal executive offices)

97239
(Zip Code)

Registrant's telephone number, including area code:

(503) 220-0988

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

On December 20, 2005, Barrett Business Services, Inc. (the "Company"), announced an agreement in principle to acquire certain assets of Pro HR, LLC, headquartered in Boise, Idaho, effective January 1, 2006. Pro HR, LLC is a privately-held professional employer organization (PEO) company and operates three offices located in Boise and Rexburg, Idaho and Grand Junction, Colorado. Closing of the acquisition is conditioned on execution of a definitive asset purchase agreement.

The all cash consideration payable in the transaction includes \$4.0 million to be paid at closing and up to an additional \$1.5 million based on the level of financial performance achieved by Pro HR offices in 2006. To the extent the 2006 performance target is met on an annualized basis as of June 30, 2006, a pro rata portion of the \$1.5 million will be paid out of escrow as soon as all necessary accounting activity for the period has been concluded. If a shortfall in achievement of the annualized target exists at June 30, 2006, another calculation will be made as of December 31, 2006. Any shortfall in attainment of the 2006 performance target will result in a pro rata reduction to the purchase price up to a maximum of \$1.5 million.

During a conference call held on December 20, 2005, to discuss the pending acquisition of Pro HR, LLC, the Company's chief executive officer stated that management expects the Company's financial results for the fourth quarter ending December 31, 2005, to be in line with its previously-disclosed limited financial guidance.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits: The following exhibit is furnished with this Form 8-K:

99.1 Press Release dated December 20, 2005.

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.

Dated: December 20, 2005

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

NEWS RELEASE

For Immediate Release

Contact: William W. Sherertz
President and
Chief Executive Officer

Telephone: (503) 220-0988

BBSI ANNOUNCES ACQUISITION OF PRO HR, LLC

PORTLAND, OREGON, December 20, 2005 — Barrett Business Services, Inc. (Nasdaq: BBSI) today announced that it has reached an agreement in principle to acquire certain assets of Pro HR, LLC headquartered in Boise, Idaho effective January 1, 2006. Consideration for the transaction, valued at \$5.5 million all cash, includes \$4.0 million due upon closing and \$1.5 million contingent upon 2006 financial performance. Any shortfall from the 2006 targeted financial performance will result in a pro rata reduction to the purchase price up to \$1.5 million. Closing of the acquisition is conditioned upon execution of a definitive asset purchase agreement.

Pro HR, LLC, a privately-held professional employer organization (PEO) company, operates three offices in Boise and Rexburg, Idaho and Grand Junction, Colorado. Pro HR has estimated its 2006 gross (non-GAAP) PEO revenues will total \$110 million, which equates to approximately \$14 million in net (GAAP) revenues. BBSI anticipates that this acquisition will increase BBSI's 2006 earnings by approximately 7 to 9 cents per diluted share.

On December 20, 2005 at 9:00 a.m. Pacific Time, William W. Sherertz, President and Chief Executive Officer, and Michael D. Mulholland, Vice President-Finance, of BBSI will host a telephone conference call to discuss this acquisition. To participate in the call, dial (877) 356-3717. The call identification number is #3727914. The conference will also be webcast live at www.barrettbusiness.com. To access the webcast, click on the investor relations section of the Web site and select webcasts.

A replay of the call will be available beginning December 20, 2005 at 11:00 a.m. PT and ending December 27, 2005. To listen to the recording, dial (800) 642-1687 and enter conference identification code #3727914.

BBSI provides a comprehensive range of human resource management solutions to large and small companies throughout many regions of the United States.

Statements in this release about future events or performance, including revenue and earnings expectations for 2006, are forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Factors that could affect future results include economic conditions in the Company's service areas, the effect of changes in the Company's mix of services on gross margin, the Company's ability to successfully integrate acquired businesses with its existing operations, future workers' compensation claims experience, the effect of changes in the workers' compensation regulatory environment in one or more of our primary markets, collectibility of accounts receivable, and the use of net proceeds of approximately \$33.1 million and other effects of the Company's recent follow-on equity offering, among others. Other important factors that may affect the Company's future prospects are described in the Company's 2004 Annual Report on Form 10-K. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements may be less reliable than historical information. The Company undertakes no obligation to update or revise forward-looking statements in this release to reflect events or changes in circumstances that occur after the date of this release.

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