

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

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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):

July 22, 2009

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.)

8100 N.E. Parkway Drive, Suite 200  
Vancouver, Washington  
(Address of principal executive offices)

98662  
(Zip Code)

Registrant's telephone number, including area code:

(360) 828-0700

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 2.02. Results of Operations and Financial Condition.

On July 22, 2009, Barrett Business Services, Inc. (the "Company"), issued a news release announcing that it expects to record an increase to its workers' compensation reserve of approximately \$11.8 million pre-tax, or \$7.4 million after tax equating to approximately \$.72 per share, in the 2009 second quarter as a result of management's change in estimate of the ultimate cost of the Company's self-insured workers' compensation claim liabilities related to prior year injury claims. Approximately \$8.4 million, or 71%, of the increase relates to 2005 and 2006 injury claims. Loss per diluted share, after taking into account the effect of the increase in the workers' compensation reserve, is expected to range from \$.65 to \$.66. A copy of the news release is furnished as Exhibit 99.1 to this report and incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

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

99.1 News Release dated July 22, 2009.

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: July 22, 2009

By: /s/ James D. Miller  
James D. Miller  
Vice President-Finance, Treasurer and Secretary

# NEWS RELEASE

For Immediate Release

Contact: William W. Sherertz  
President and  
Chief Executive Officer

Telephone: (360) 828-0700

## BBSI EXPECTS TO RECORD A MATERIAL SECOND QUARTER CHARGE RELATING TO ITS WORKERS' COMPENSATION LIABILITIES

VANCOUVER, WASHINGTON, July 22, 2009 – Barrett Business Services, Inc. (Nasdaq: BBSI) reported today that it expects to record an increase to its workers' compensation reserve of approximately \$11.8 million pre-tax, or \$7.4 million after tax equating to approximately \$.72 per share, in the 2009 second quarter as a result of management's change in estimate of the ultimate cost of the Company's self-insured workers' compensation claim liabilities related to prior year injury claims.

Approximately \$8.4 million or 71% of the increase relates to 2005 and 2006 injury claims, a period in which the Company's business was growing rapidly, particularly in California where, in the Company's experience, claims are much more expensive and have a longer claim life than in other states where the Company is self-insured. The Company believes that as these claims have matured and the Company has amassed a longer track record in handling them, a more accurate assessment of their ultimate cost can now be made. The expense level the Company has recorded for injury claims occurring in 2007 and 2008 and for the first six months of 2009 is consistent with the results of a recent study completed by a new actuary.

Management currently expects to report gross revenues for the second quarter of 2009 of \$248.2 million, a decline of 7.9% from the second quarter of 2008, and expects to report net revenues for the second quarter of 2009 of \$57.3 million, a decrease of approximately \$14.9 million or 20.7% from the \$72.2 million for the same quarter in 2008.

Management expects the loss per diluted share, after taking into account the effect of the increase in workers' compensation expense described above, to range from \$.65 to \$.66. Without the effect of the increase in the Company's workers' compensation reserve of \$.72 per share on an after-tax basis, the expected net income per diluted share for the 2009 second quarter would have been in the range of \$.06 to \$.07.

The Company reports its Professional Employer Organization services ("PEO") revenues on a net basis because it is not the primary obligor for the services provided by the Company's PEO clients to their customers. The gross revenues information below, although not in accordance with generally accepted accounting principles ("GAAP"), is presented for comparison purposes and because management believes such information is more informative as to the level of the Company's business activity and more useful in managing its operations.

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

(in thousands)	(Unaudited)					
	Three Months Ended June 30,					
	Gross Revenue		Reclassification		Net Revenue	
	Reporting Method				Reporting Method	
	2009	2008	2009	2008	2009	2008
Revenues:						
Staffing services	\$ 28,002	\$ 40,604	\$ —	\$ —	\$ 28,002	\$ 40,604
Professional employer services	220,150	228,891	(190,887)	(197,312)	29,263	31,579
Total revenues	<u>\$ 248,152</u>	<u>\$ 269,495</u>	<u>\$ (190,887)</u>	<u>\$ (197,312)</u>	<u>\$ 57,265</u>	<u>\$ 72,183</u>

The Company expects to announce its full 2009 second quarter operating results on Tuesday, July 28, 2009, after the market close and will hold its regular second quarter earnings conference call on Wednesday, July 29, 2009, at 9:00 a.m. PT.

Statements in this release about future events or performance 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 its primary markets, the collectibility of accounts receivable and the effect of conditions in the global capital markets on the Company's investment portfolio, among others. Other important factors that may affect the Company's future prospects are described in the Company's 2008 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.

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

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