UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the year ended DECEMBER 31, 1999.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission File Number 0-23828
LABOR READY, INC.
(Exact name of registration as specified in its Charter)

WASHINGTON	91-1287341
(State of Incorporation of Organization)	(I.R.S. Employer Identification Number)
1016 S. 28th Street, Tacoma, Washington	98409
(Address of Principal Executive Offices)	(Zip Code)

(253) 383-9101

(Registrant's Telephone Number)

Securities Registered Under Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, No Par Value	The New York Stock Exchange

Securities Registered Under Section 12(g) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Indicated by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in any definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 last ninety days.
YES X NO___.

The aggregate market value (based on the NYSE quoted closing price) of the common stock held by non-affiliates (36,940,937 shares) of the Registrant at March 15, 2000 was approximately $304.8 million. As of March 15, 2000, there were 42,763,598 shares of the Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

LABOR READY, INC.
FORM 10-K
PART I.

ITEM 1. BUSINESS

Information in this Annual Report on Form 10-K includes forward-looking statements, which are often identified by the words "believes", "anticipates" and similar expressions. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Factors which could affect the Company's financial results are described below and in Item 7 of this report. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrences of unanticipated events.

INTRODUCTION

Labor Ready, Inc. (the "Company"), incorporated in Washington in 1985, is a leading national provider of temporary workers for manual labor jobs. The Company's customers are primarily businesses in the freight handling, warehousing, landscaping, construction and light manufacturing industries. These businesses require workers for lifting, hauling, cleaning, assembling, digging, painting and other types of manual or unskilled work. The Company has rapidly grown from eight dispatch offices in 1991 to 687 dispatch offices at December 31, 1999. All of the growth in dispatch offices was achieved by opening Company owned locations rather than through acquisitions. The Company's revenues have grown from $6.0 million in 1991 to $850.9 million in 1999. This revenue growth has been generated both by opening new dispatch offices and by continuing to increase sales at existing dispatch offices. In 1999, the average cost to open a new dispatch office was approximately $45,000 and dispatch offices opened in 1999 typically generated revenues sufficient to cover their operating costs within six months. The average revenue per dispatch office open for more than one full year was approximately $1.5 million in 1999 and $1.6 million in 1998.

INDUSTRY OVERVIEW

The temporary staffing industry has grown rapidly in recent years as companies have used temporary employees to control personnel costs and to meet fluctuating personnel needs. According to the STAFFING INDUSTRY REPORT (May 1998), the United States' market for the industrial segment of the temporary staffing marketplace (which includes the short-term, light industrial market that the Company serves) grew at a compound annual growth rate of approximately 17% from approximately $6.0 billion in 1992 to an estimated $14.6 billion in 1998. The Company believes the short-term light industrial segment of the temporary staffing industry is highly fragmented and presents opportunities for larger, well capitalized companies to compete effectively, mainly through the development of information systems which efficiently process a high volume of transactions and coordinate multi-location activities, and the management of workers' compensation costs.

Historically, the demand for temporary workers has been driven primarily by the need to satisfy peak production requirements and to temporarily replace full-time employees absent due to illness, vacation or abrupt termination. More recently, competitive pressures have forced businesses to focus on reducing costs, including converting fixed, permanent labor costs to variable or flexible costs. The use of temporary workers typically shifts employment costs and risks, such as workers' compensation and unemployment insurance and the possible adverse effects of changing employment regulations, to temporary staffing companies, which can allocate those costs and risks over a larger pool of employees and customers. In addition, through the use of temporary employees, businesses avoid the inconvenience and expense of hiring and firing regular employees.

COMPANY STRATEGY

The Company's goal is to maintain and enhance its status as a leading national provider of temporary workers for manual labor jobs. Key elements of the Company's strategy to achieve this objective are as follows:

- AGGRESSIVELY OPEN NEW DISPATCH OFFICES. The Company's strategy is to increase revenues by expanding its network of dispatch offices. From January 1, 2000 to March 17, 2000, the Company has opened 126 new dispatch offices and plans to open approximately 74 additional dispatch offices during the first half of the year for a total of approximately 200 additional dispatch offices in 2000. The Company also plans to open 200 additional dispatch offices in 2001.

- INCREASE REVENUES FROM EXISTING DISPATCH OFFICES. As each dispatch office matures, the Company attempts to increase its revenues by expanding sales to existing customers and by aggressively expanding the number and mix of customers served. More experienced area directors and district managers assist the dispatch office general manager in this process. The Company also coordinates sales and marketing strategies designed to complement these efforts, including sales representatives in large branches, the development of national accounts, targeted direct mail, telemarketing campaigns and national advertising.

- IMPROVE OPERATING EFFICIENCIES AND REDUCE OPERATING COSTS. Due to the short-term temporary labor market's extensive fragmentation, the Company believes its national presence provides it with key operating efficiencies, competitive advantages and access to capital markets to provide needed working capital. The Company has standardized the operation, general design, staffing and equipment of its dispatch offices. In addition, the Company has designed and implemented a proprietary management information system that efficiently manages an extensive, Company-wide employee, payroll, sales and customer database and provides management with valuable, timely management reporting.

- PROVIDE SUPERIOR SERVICE. The Company emphasizes customer responsiveness and maintains a commitment to providing a superior quality of service through policies such as opening offices no later than 5:30 a.m. and extending hours of operation to 24 hours, 7 days per week where the market demands. One of the Company's competitive advantages is that it is able to provide workers on short notice, usually the same day as requested and offers a "satisfaction guaranteed" policy. The Company is committed to supplying motivated workers to its customers. Most workers find the Company's "Work Today, Paid Today" policy appealing and arrive at the dispatch office early in the morning motivated to put in a good day's work and receive a paycheck at the end of the day. With the use of an automated Cash Dispensing Machine ("CDM") at each dispatch office, workers find the Company's policy of "Work Today, Cash Today" even more appealing.

- AGGRESSIVELY RECRUIT TEMPORARY WORKERS. The Company has installed a CDM in most of its dispatch offices in the United States. With the CDMs in operation, workers have a choice of a daily paycheck or cash payment through the CDM. The Company retains the change on each worker's daily pay plus $1 for the service. Management believes the CDM program will enhance the Company's ability to attract temporary workers. In 1999, the Company issued approximately 9.8 million payroll payments in the form of either check or cash to its temporary workers.

DISPATCH OFFICE EXPANSION

The Company has rapidly grown from 51 dispatch offices at the beginning of 1995 to 687 dispatch offices at December 31, 1999. The Company's expansion has been achieved primarily by opening Company owned dispatch offices. The following table sets forth the number and country of dispatch offices open at the end of each of the last five years. The information below does not include four Labor Ready franchised dispatch offices located in the Minneapolis/St. Paul, Minnesota metropolitan area and one franchised dispatch office located in Fargo, North Dakota.

LABOR READY DISPATCH OFFICES
BY COUNTRY

<TABLE>
<CAPTION>

	AT DECEMBER 31,				
	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
United States......................................	670	474	308	196	102
Canada...	15	11	8	4	4
Puerto Rico..	1	1	--	--	--
United Kingdom.....................................	1	--	--	--	--
Total	687	486	316	200	106

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</TABLE>

The Company currently anticipates opening 200 dispatch offices during the first half of 2000 and 200 in 2001. Dispatch office openings in 2000 will be primarily in the United States with 10 to 20 dispatches offices opening in each of Canada and the United Kingdom. The Company analyzes acquisition opportunities, and from time to time, may pursue acquisitions in certain circumstances and may also accelerate expansion based on future developments.

In 1994, the Company licensed one franchisee in Minnesota, who now operates five locations, four in Minneapolis/St. Paul and one in Fargo, North Dakota. The Company has not pursued, and does not intend to grant, any additional franchises. Revenues generated from franchised dispatch offices have not been significant during the periods presented herein.

ECONOMICS OF DISPATCH OFFICES. The Company has standardized the process of opening dispatch offices. In 1999, the average aggregate cost of opening a new dispatch office was approximately $45,000. Approximately $13,000 of these costs includes salaries, recruiting, testing, training, lease and other related costs; the remaining $32,000 of the cost of opening a dispatch office includes computer systems and other equipment related costs, leasehold improvements and a cash dispensing machine and related equipment. These costs are not expected to increase significantly in 2000. New dispatch offices are expected to generate revenue sufficient to cover their operating costs within six months. On average, the volume necessary for profitable operations is approximately $12,000 per week. Dispatch offices open for at least one full year generated average annual revenue of approximately $1.5 million in 1999 or approximately $30,000 per dispatch office, per week.

CRITERIA FOR NEW DISPATCH OFFICES. Labor Ready identifies desirable areas for locating new dispatch offices with an economic model that analyzes the potential supply of temporary workers and customer demand based on a zip code resolution of employment figures, demographics and the relative distance to the nearest Labor Ready dispatch office. In addition, the Company locates dispatch offices in areas convenient for its temporary workers, which are on or near public transportation, and have parking available. After the Company establishes a dispatch office in a metropolitan area, the Company usually clusters additional locations within the same area. Multiple locations in a market reduce both opening costs and operating risk for new dispatch offices because direct mail and other advertising costs are spread among more dispatch offices and because the new dispatch office benefits from existing customer relationships and established Labor Ready brand recognition.

DISPATCH OFFICE MANAGEMENT. The Company believes that the key factor determining the success of a new dispatch office is identifying and retaining an effective dispatch office general manager. Each general manager has primary responsibility for managing the operations of the dispatch office, including the recruiting and daily dispatch of temporary workers, sales and accounts receivable collection. The Company pays monthly bonuses to its general managers based on accounts receivable collections and gross margins during the month.

Each general manager has primary responsibility for customer service and the dispatch office's sales efforts, including identifying and soliciting local businesses likely to have a need for temporary manual workers. The Company's experience is that certain types of individuals are better suited to perform the critical management functions necessary for the dispatch office to generate the revenues required to achieve profitability, regardless of the size of the metropolitan area. The Company commits substantial resources to the training, development, and operational support of its general managers.

OPERATIONS

DISPATCH OFFICES. Dispatch offices are locations where workers report prior to being assigned to jobs, including those being called back to the same employer. Workers are required to report to the dispatch office in order to minimize "no-shows" to the customer's job site. If a worker fails to report to the dispatch office as scheduled, the Company identifies a replacement so that the customer has the number of workers expected at the job site, on time, and ready to work.

During the early morning hours, the general manager and an assistant coordinate incoming customer work orders, assign the available workers to the job openings for the day, and arrange transportation to the job site. Prior to dispatch, a branch employee checks to make sure workers have the basic safety equipment required for the job, such as boots, back braces, hard hats, or safety goggles, all of which are provided at no charge to the worker and the customer. The customer provides additional safety and other equipment, if required. New assignments are filled from a daily sign-in sheet, considering customer requests for specific temporary workers on repeat work orders or new engagements.

Workers who pass on a particular job are moved to the bottom of the list. Most work assignments have been scheduled in advance; a majority of which are repeat work orders from customers. However, a significant portion of job openings are requested on short notice, often the same day as the workers are needed at the job site.

The workers are provided with a work order, which is endorsed by the customer to confirm work performance, and which must be presented at the dispatch office in order to receive payment for the hours worked. Workers are generally paid daily by check, and with the addition of a CDM at each dispatch office, workers have the choice of being paid each day in cash. Computer systems at each dispatch office perform the calculations necessary to determine the wages, less taxes and applicable withholdings, and print security-controlled checks, which are distributed to each worker. Alternatively, the system prints a payroll voucher which contains a unique security code. The worker enters the code into the CDM and their net pay is disbursed, less the change and $1 for the CDM service.

Dispatch offices generally open by 5:30 a.m., with some open 24 hours depending on market demand, and generally remain open until the last temporary worker is paid. Dispatch offices are generally staffed with at least two full-time employees, including the general manager and a customer service representative. General managers manage the daily dispatch of temporary workers, and are responsible for monitoring and collecting receivables, managing the credit application process for each customer, inspecting customer job sites for site safety, as necessary, and managing the sales and marketing efforts of the dispatch office.

Employment applications are taken throughout the day for potential new temporary employees. Applications are used to facilitate workers' compensation safeguards and quality control systems by permitting the Company to test for alcohol or drugs in case of a work-related illness or injury, to obtain a signed "Condition of Employment" statement, and to comply with applicable immigration requirements.

CUSTOMERS. The Company's customers require workers for lifting, hauling, cleaning, assembling, digging, painting and other types of manual or unskilled work. The Company's customers are primarily businesses in the freight handling, warehousing, landscaping, construction and light manufacturing industries. Over the past several years, the Company has been diversifying its customer base to include more customers in the retail, wholesale, sanitation, printing, and hospitality industries.

New dispatch offices initially target businesses in its market area with direct mail and telemarketing campaigns. Dispatch office general managers, the regional or local sales force and telemarketers are responsible for following up the marketing campaigns with telephone or personal calls. Frequently, a new dispatch office will have a high concentration of customers in the construction industry. As dispatch offices mature, the customer base broadens and the mix of work diversifies. Many customers have elements of seasonality in their workflow, especially customers in the construction and landscaping industries. The Company currently derives its business from a large number of customers, and is not dependent on any single large customer for more than 1% of its revenues. During 1999, the Company's ten largest customers accounted for sales of $37.9 million, or 4.5% of total revenues and $28.5 million, or 4.7% of total revenues in 1998. While a single dispatch office may derive a substantial percentage of its revenues from a single customer, the loss of that customer would not have a significant impact on the Company's revenues. During 1999, the Company provided temporary workers to in excess of 254,000 customers. Labor Ready filled approximately 6.5 million work orders in 1999 and 4.8 million in 1998.

Many customers use Labor Ready to screen prospective employees for future permanent hires. Because Labor Ready does not charge a fee if a customer hires a Company worker, customers on occasion send prospective employees to the Company with a specific request for temporary assignment to their business. Customers thereby have the opportunity to observe the prospective employee in an actual working situation, minimizing the expense of employee turnover and personnel agency fees.

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BILLING AND COLLECTIONS. The Company has implemented an automated credit and collections system that allows each dispatch office to establish a credit limit for new customers by telephonically accessing a computer based credit system. Initial credit limits are based on a credit-scoring matrix developed by the Company. No workers are dispatched without using this system. Initial credit limits range from COD to $100,000. The credit department, using other credit reporting agencies, bank/trade references and balance sheet analysis, reviews and approves additional credit extensions beyond those recommended by this system. Once a customer has reached 75% of its credit limit, the customer screen on the Company's information system has a red warning to alert the dispatch office to monitor more closely the activity of the customer.

SALES AND MARKETING. Each dispatch office is responsible for its own sales and marketing efforts in its local market area. The dispatch office general manager is primarily responsible for sales and customer service, with all branch employees being involved in sales and customer relations. The Company purchases a direct marketing database, and from a centralized direct mail department, conducts an intensive direct-mail campaign in the local market area of each dispatch office. For new dispatch offices, the direct-mail campaign targets a broad range of businesses in its local market area. Follow-up mailings target business in the Company's traditional market niche. Follow-up telephone and personal calls on qualified leads are made by the dispatch office general manager or a sales representative. The Company currently employs approximately 200 sales personnel at the dispatch offices.

When entering new markets, the Company allows for an initial advertising budget to generate an awareness of the new dispatch office. When opening additional offices as warranted, based on area demographics, the Company can also expand and coordinate its marketing efforts to the benefit of other established offices in the local area. Marketing is accomplished primarily through telemarketing and direct-mail campaigns, yellow-page advertising, personal sales contacts, word of mouth, and billboard advertising.

TEMPORARY WORKERS. Most workers find the Company's "Work Today, Paid Today" policy appealing and arrive at the dispatch office early in the morning motivated to put in a good day's work and receive a paycheck or a CDM voucher for cash at the end of the day. The majority of the workers are male and most are between the ages of 18 and 40 and live in low-income neighborhoods.

The Company's daily pool of temporary workers at each dispatch office generally numbers between 40 and 200, depending upon the time of year. Because of increasing diversification of the Company's customer base and a wider dispersion of dispatch offices in different geographic areas of the United States, the Company is less dependent on weather than in its early years. Good weather, nevertheless, brings incrementally more job orders and workers. Consequently, the Company is busiest in the late spring, summer and early fall.

After reviewing work orders for that day's customer requests, the dispatch office general manager prescreens the qualifications of the available temporary workers to assure that they can perform the work required. Additionally, the individual must be at least 18 years old, physically capable and in apparent good health. The main objective is to dispatch the most suitable workers for the positions available. Dispatch office employees over time come to know most workers at the dispatch office and their capabilities. The Company is an equal opportunity employer.

Under the Company's "satisfaction guaranteed" policy, replacements for all unsatisfactory workers are promptly provided if the customer notifies the Company within the first two hours of work. Employees who receive two complaints from customers are generally reprimanded or terminated. The Company will immediately terminate any employee who agrees to take a work order and does not report at the customer's job site. Any use of obscene language, alcohol or drugs on the dispatch office premises or at the customers' job sites are grounds for immediate dismissal. The Company lists workers who were terminated in a central database to prevent rehire by other dispatch offices.

The Company withholds FICA and federal, state, and, where applicable, city and county income taxes from its temporary workers' wages for disbursement to governmental agencies. Additionally, the Company maintains federal and state unemployment insurance, and workers' compensation coverage for its temporary employees.

RECRUITMENT OF TEMPORARY WORKERS. The Company attracts its pool of temporary workers through billboard advertisements, flyers, newspaper advertisements, dispatch office displays, and word of mouth. The Company believes its strategy of locating dispatch offices in areas convenient for its workers, with ready access to public transportation, is particularly important in attracting workers.

The Company's "Work Today, Paid Today" policy is prominently displayed at most dispatch offices and, in the Company's experience, is a highly effective method of attracting temporary workers. With the addition of a CDM at each dispatch office, management believes that the Company's "Work Today, Cash Today" policy is an added incentive for temporary workers. Workers also find other Company policies attractive, such as the emphasis on worker safety, including Company provided safety training and equipment, and modest cash advances for lunch or gas to workers short on cash. Temporary workers are also aware of the

Company's no-fee policy toward customers who offer temporary workers a regular position. The possibility of landing a regular position serves as an added incentive to the Company's workers.

Management believes that Labor Ready has earned a good reputation with its temporary laborers because the Company consistently has jobs available and treats its workers with respect. The Company believes this also helps attract a motivated and responsive workforce. As a result, the Company believes referrals by current or former temporary workers who have had good experiences with the Company account for a significant percentage of its recruiting successes.

The Company experiences from time to time, during peak periods, shortages of available temporary workers. Dispatch offices with a shortage of workers attempt to fill work orders by asking temporary workers to inform friends, relatives and neighbors of job openings and by identifying prospective workers from the Company's employee data base. On occasion, work orders requiring large numbers of temporary workers will be filled through coordination with other local dispatch offices.

MANAGEMENT, EMPLOYEES AND TRAINING. At December 31, 1999, the Company employed approximately 250 administrative and executive staff in the corporate office, and approximately 3,000 people as supervisors, general managers, customer service representatives, district managers, area directors and support staff. General managers report to district managers who in turn report to area directors. For positions above general manager, the Company's recruiting focus is on hiring additional management and supervisory personnel with experience in managing multi-location operations.

After extensive interviews and tests, prospective district and general managers undergo approximately one week of training at the Company's training center which is located at the corporate office in Tacoma, Washington and four weeks of on-the-job training at a dispatch office. The training center is charged with providing the managers with all of the skills necessary for operating a dispatch office. Staffed by experienced training professionals, the training center has developed a curriculum, training manuals, and instruction modules for the training program, which include rigorous sessions on topics such as marketing and direct mail, credit and collections, payroll and personnel policies, workers' compensation management and safety. Customer service representatives receive on-the-job training at the branch where they work.

MANAGEMENT INFORMATION SYSTEMS. The Company has developed its own proprietary system to process all required credit, billing, collection, temporary worker payroll and related payroll tax returns, together with other management information and reporting systems necessary for the management of hundreds of thousands of workers and staff in multiple locations. The Company is currently implementing a corporate wide Wide Area Network (WAN), which will provide increased efficiency and timing in the transmission of multiple types of management information between the multiple dispatch offices and corporate. In 1999, the Company completed the installation of the next generation, client server version of its proprietary software in all dispatch offices.

The system maintains all of the Company's key databases from the tracking of work orders to payroll processing to maintaining worker records. The current system regularly exchanges all point of sale information between the corporate headquarters and the dispatch offices, including customer credit information and outstanding receivable balances. Dispatch offices can run a variety of reports on demand, such as receivables aging, margin reports, and customer activity reports. With the advent of the WAN, area directors and district managers will be able monitor their territories from the field more effectively. The Company believes its proprietary software system provides Labor Ready with significant competitive advantages over competitors that utilize less sophisticated systems.

The Company's information system also provides the Company with key internal controls. All work order tickets are entered into the system at the dispatch office level. No payroll check can be issued at a dispatch office without a corresponding work ticket on the computer system. When a payroll check or CDM voucher is issued, the customer's weekly invoice and the dispatch office receivables ledger are automatically updated. Printed checks have watermarks and computer-generated signatures that are difficult to duplicate. The Company has developed a proprietary system, which allows the payroll software to generate either a payroll check, or at the workers' option, a cash withdrawal from the dispatch office's CDM. All cash receipts are received in lockbox accounts and are matched to customers' receivable records using an automated data capture system.

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WORKERS' COMPENSATION PROGRAM. The Company provides workers' compensation insurance for its temporary workers and regular employees. For workers' compensation claims originating in the majority of states (the 43 non-monopolistic states), the Company has purchased a deductible insurance policy. Under terms of the policy, the Company's workers' compensation exposure is limited to a deductible amount per occurrence and a maximum aggregate stop-loss limit. Should any single occurrence exceed the deductible amount per occurrence, all losses and expenses beyond the deductible amount are paid by independent insurance companies unrelated to the Company. Similarly, should the total of paid losses related to any one year period exceed the maximum aggregate stop-loss limit for that year, all losses beyond the maximum aggregate stop-loss limit are paid by independent insurance companies unrelated to the Company. In 1997, the per occurrence deductible amount was $250,000 per claim, with an aggregate maximum of $11.60 per $100 of temporary worker payroll, or $18.8 million. For claims arising in 1998 and 1999, the per occurrence deductible amount was $350,000 and the maximum aggregate stop-loss limit was $10.41 per $100 of temporary worker payroll, or $31.7 million for the year ended December 31, 1998 and $45.6 million for the year ended December 31, 1999.

For claims arising in years prior to 1997, the Company has insured all additional losses beyond amounts reserved in its financial statements with independent insurance companies unrelated to the Company. The difference between the discounted maximum aggregate stop-loss limit for claims arising in all periods prior to December 31, 1999, and the total of claims paid and reserved for in the Company's financial statements for the same periods is $10.1 million. This amount represents the discounted maximum additional exposure, net of tax, to the Company before its maximum aggregate stop-loss limits are met for all periods before December 31, 1999.

The Company establishes its reserve for workers' compensation claims using actuarial estimates of the future cost of claims and related expenses that have been reported but not settled, and that have been incurred but not reported. Adjustments to the claims reserve are charged or credited to expense in the periods in which they occur. Included in the accompanying consolidated balance sheets as of December 31, 1999 and 1998, are workers' compensation claims reserves in the non-monopolistic states of $34.7 million and $24.4 million, respectively. The claims reserves were computed using a discount rate of 6.0% at December 31, 1999 and 1998.

Workers' compensation expense totaling $38.2 million, $30.6 million and $19.2 million was recorded as a component of cost of services in each of the years ended December 31, 1999, 1998 and 1997, respectively.

For the 1997 and 1998 program years, the Company is required to provide collateral in the amount of the maximum aggregate stop-loss limits, less claims paid to date. The Company provides approximately 50% of the required collateral in the form of a surety bond and 50% in letters of credit. Accordingly, at December 31, 1999, $14.5 million of the collateral was satisfied with surety bonds and $15.1 million was satisfied with letters of credit for the 1997 and 1998 program years. Subsequent to year end, the letters of credit decreased by $2.5 million, which results in a new outstanding balance of $12.6 million.

For the 1999 and 2000 program years, the policy includes substantially the same terms and limitations as the 1998 policy described above except that the Company is required to provide collateral in the amount of 60% of claims reserves. The collateral for the 1999 program consists of 50% letters of credit and 50% surety bond. Accordingly, as of December 31, 1999, the Company has provided the insurance carrier with a letter of credit totaling $12.0 million and a surety bond for $12.6 million. During 2000, the total amount of the letters of credit and surety bonds for the 2000 program year will increase by approximately $20.0 million.

For workers' compensation claims originating in Washington, Ohio and West Virginia (the monopolistic states), Canada and Puerto Rico, the Company pays workers' compensation insurance premiums as required by state administered programs. The insurance premiums are established by each jurisdiction, generally based upon the job classification of the insured workers and the previous claims experience of the Company.

In October 1998, the Company purchased an employers' liability insurance policy for the United Kingdom. This policy carries a 10 million GBP limit.

The Company has established a risk management department at its corporate headquarters to manage its insurers, third party claims administrators, and medical service providers. To reduce wage-loss compensation claims, the Company employs claims coordinators. The claims coordinators manage the acceptance, processing and final resolution of claims and administer the Company's return to work program. Workers in the program are employed on customer assignments that require minimal physical exertion or within the Company in the local dispatch office. The Company has an on-line connection with its third party administrator that allows the claims coordinators to maintain visibility of all claims, manage their progress and generate required management information.

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GOVERNMENT REGULATIONS

SAFETY PROGRAMS. As an employer, the Company is subject to applicable state and/or federal statutes and administrative regulations pertaining to job site safety. Where states do not have a safety program certified by the federal Occupational Safety & Health Administration ("OSHA"), the Company is subject to the standards prescribed by the federal Occupational Safety & Health Act and rules promulgated by OSHA. However, the Company's temporary workers are generally considered the customer's employees while on the customer's job site for the purpose of applicable safety standards compliance.

In 1999, the Company's accident rate was approximately one incident per 7,769 man hours worked, compared to the Company's accident rate of approximately one incident per 7,853 per man hours worked in 1998. The Company continues to emphasize safety awareness, which helps control workers' compensation costs, through training of its management employees and office staff, safety sessions with temporary workers, issuing safety equipment, monitoring job sites, and communicating with customers to promote job site safety. Temporary workers are trained in safety procedures primarily by showing safety tapes at the beginning of each day. Bulletin boards with safety-related posters are prominently displayed. Additionally, "Tailgate" safety training sessions are conducted at customers' job sites.

The Company maintains its own inventory of safety equipment at each dispatch office. Standard equipment includes hard hats, metal-toed boots, gloves, back braces, earplugs, and safety goggles. Equipment is checked out to workers as appropriate. All construction jobs require steel-toed boots and a hard hat. The dispatch office general manager ensures that workers take basic safety equipment to job sites.

Dispatch office personnel are trained to discuss job safety parameters with customers on incoming work order requests. Managers conduct job site visits for new customer job orders and periodic "spot checks" of existing customers to review safety conditions at job sites. Workers are encouraged to report unsafe working conditions to the Company.

WAGE AND HOUR REGULATION. Labor Ready is required to comply with applicable state and federal wage and hour laws. These laws require that the Company pay its employees minimum wage and overtime at applicable rates when the employee works more than forty hours in a workweek. In some states, overtime pay may be required after eight or ten hours of work in a single day.

COMPETITION

The short-term, light industrial manual labor sector of the temporary services industry is highly fragmented and highly competitive, with limited barriers to entry. A large percentage of temporary staffing companies serving this sector of the industry are local operations with fewer than five offices. Within local or regional markets, these firms actively compete with the Company for business. The primary basis of competition among local firms is service and the ability to provide the requested amount of workers on time and price. While entry into the market has limited barriers, lack of working capital frequently limits growth of smaller competitors.

Although there are several large full-service and specialized temporary labor companies competing in national, regional and local markets, to date, those companies have not aggressively expanded in the Company's targeted market segment. However, many of these competitors have substantially greater financial and marketing resources than those of the Company. One or more of these competitors may decide at any time to enter or expand their existing activities in the short-term, light industrial market and provide new and increased competition to Labor Ready. The Company believes that, among the larger competitors, the primary competitive factors in obtaining and retaining customers are the cost of temporary labor, the quality of the temporary workers provided, the responsiveness of the temporary labor company, and the number and location of offices. The availability to the Company's customers of multiple temporary service providers can create significant pricing pressure as competitors compete for the available customers, and this pricing pressure could adversely impact profit margins.

TRADEMARKS

The Company's business is not presently dependent on any patents, licenses, franchises, or concessions. "Labor Ready," and the service mark "Work Today, Paid Today" are registered with the U.S. Patent and Trademark Office. The Company has filed with the U.S. Patent and Trademark Office, for registration of the service mark "Work Today, Cash Today" and has been granted a patent for the system of controlling a network of CDMs for the disbursement of payroll.

ITEM 2. PROPERTIES

The Company leases virtually all of its dispatch offices. Dispatch office leases generally permit the Company to terminate the lease on 60 days notice and upon payment of three months rent. Certain leases have a minimum one-year term and require additional payments for taxes, insurance, maintenance and renewal options.

The Company owns a 24,000 square foot building and a 44,000 square foot office building and an adjoining 10,000 square foot warehouse in Tacoma, Washington. The buildings currently serve as Labor Ready's corporate headquarters and administrative offices. Additionally, the Company owns a dispatch office in Kansas City, Missouri and Tacoma, Washington. Management believes all of the Company's facilities are currently suitable for their intended use.

In May of 1999, the Company entered a purchase and sale agreement to purchase a 157,000 square foot office building with an attached parking garage in downtown Tacoma, Washington. The aggregate purchase price of the building, parking garage and estimated tenant improvements is approximately $11.5 million. The Company currently has $500,000 on deposit with a remaining balance of $11.0 million, which is due upon closing. The Company expects to move its corporate headquarters and administrative offices to this building by the end of 2000.

ITEM 3. LEGAL PROCEEDINGS

The Company is not currently subject to any material legal proceedings. The Company may from time to time become a party to various legal proceedings arising in the normal course of its business. These actions could include employee-related issues and disputes with customers. The Company carries insurance for actions or omissions of its temporary employees. Since the temporary workers are under the supervision of the customer or its employees, the Company believes the terms of its contracts with its customers, which provide that the customers are responsible for all actions or omissions of the temporary workers, limit the Company's liability. Nevertheless, any future claims are subject to the uncertainties related to litigation and the ultimate outcome of any such proceedings or claims cannot be predicted.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter ended December 31, 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock commenced trading on the New York Stock Exchange ("NYSE") on October 28, 1998. Beginning on June 12, 1996, the Company's common stock was traded on the Nasdaq National Market and prior to that date, the Company's common stock was traded over-the-counter. The high and low bids (for periods before October 28, 1998) and sale prices (for periods after October 28, 1998) were as follows:

<TABLE>
<CAPTION>

QUARTER ENDED	HIGH*	LOW*
<S>	<C>	<C>
March 31, 1998	15.51	7.03
June 30, 1998	20.13	12.67
September 30, 1998	26.25	7.58
December 31, 1998	16.04	8.17
March 31, 1999	18.80	13.5
June 30, 1999	27.63	15.5
September 30, 1999	22.33	9.94
December 31, 1999	14.75	9.88

</TABLE>

*Dollar amounts are adjusted to reflect the three-for-two stock splits, which were effective on May 29, 1998 and June 24, 1999.

The Company had 719 shareholders of record as of December 31, 1999. The quotation information has been derived from the NYSE and Nasdaq Stock Market and information for periods prior to October 28, 1998 does not include retail markups, markdowns or commissions and may not be reflective of actual transactions. No cash dividends have been declared on the Company's common stock to date and the Company does not intend to pay a cash dividend on common stock in the foreseeable future. Future earnings will be used to finance the growth and development of the Company.

ITEM 6. SELECTED FINANCIAL INFORMATION.

The following selected consolidated financial information of the Company has been derived from the Company's audited Consolidated Financial Statements. The Consolidated Balance Sheet as of December 31, 1999 and 1998, and the Consolidated Statements of Income, Shareholders' Equity, and Cash Flows for the years ended December 31, 1999, 1998 and 1997 were audited by Arthur Andersen LLP, whose report thereon appears elsewhere herein. The Statement of Operations Data for the years ended December 31, 1996 and 1995, and the Balance Sheet Data at December 31, 1997, 1996 and 1995 are derived from the Company's audited financial statements which do not appear herein. The data should be read in conjunction with the Company's Consolidated Financial Statements and the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA AND NUMBER OF OFFICES)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				
	1999	1998	1997	1996	1995
STATEMENT OF OPERATIONS DATA:					
Revenues from services..............................	$850,873	$606,895	$335,409	$163,450	$94,362
Gross profit..	263,507	183,971	98,742	47,919	29,479
Income before taxes, cumulative effect of change in accounting principle and extraordinary item........	40,430	33,390	12,522	3,506	3,214
Cumulative effect of change in accounting principle and extraordinary item, net of income tax..........	(1,453)	--	--	(1,197)	--
Net income..	23,124	19,799	6,963	724	2,062
Earnings per common share					
Basic..	$ 0.54	$ 0.47	$ 0.17	$ 0.02	$ 0.07
Diluted..	$ 0.53	$ 0.46	$ 0.17	$ 0.02	$ 0.07
Weighted average shares outstanding (1)					
Basic..	42,521	41,694	41,504	35,697	27,975
Diluted.......................................	43,456	42,999	42,251	36,650	29,339

</TABLE>

<TABLE>
<CAPTION>

	AT DECEMBER 31,				
	1999	1998	1997	1996	1995
BALANCE SHEET DATA:					
Current assets......................................	$134,931	$105,933	$ 65,617	$ 48,534	$20,730
Total assets..	174,481	130,736	80,367	64,125	26,182
Current liabilities.................................	37,197	34,842	15,788	10,961	7,956
Long-term liabilities...............................	26,148	15,397	6,538	1,572	9,695
Total liabilities...................................	63,345	50,239	22,326	12,533	17,650
Shareholders' equity................................	111,136	80,497	58,041	51,592	8,532
Cash dividends declared (2).........................	43	43	43	43	43
Working capital.....................................	97,734	71,091	49,829	37,573	12,774
OPERATING DATA: (UNAUDITED)					
Revenues from dispatch office open for full year...	$754,348	$508,980	$ 280,538	$133,156	

$65,798

Revenues from dispatch offices opened during year..	$ 96,525	$ 97,915	$ 54,871	$ 30,294	$28,564
Dispatch offices open at period end..............	687	486	316	200	106

</TABLE>

(1) The weighted average shares outstanding have been adjusted to reflect the three for two stock splits which were each effective on July 7, 1996, October 24, 1997, May 29, 1998 and June 24, 1999.

(2) Represents cash dividends on the Preferred Stock. The Company has never paid cash dividends on its Common Stock and does not anticipate that it will do so in the foreseeable future. See Item 5 "Market for Registrant's Common Equity and Related Stockholder Matters".

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in connection with the Company's Consolidated Financial Statements and the notes thereto and other financial information included elsewhere in this document.

OVERVIEW

Labor Ready is a leading national provider of temporary workers for manual labor jobs. The Company's customers are primarily in freight handling, warehousing, landscaping, construction, light manufacturing, and other light industrial businesses. The Company has rapidly grown from 51 dispatch offices in 1994 to 687 dispatch offices at December 31, 1999. All of the growth in dispatch offices was achieved by opening Company owned locations rather than through acquisitions. The Company's revenues grew from approximately $39.0 million in 1994 to $850.9 million in 1999. This revenue growth has been generated both by opening new dispatch offices and by continuing to increase sales at existing dispatch offices. In 1999, the average annual revenue per dispatch office open for more than a full year was approximately $1.5 million in 1999 and approximately $1.6 million in 1998.

The Company expects to open 200 new dispatch offices in the first half of each year in 2000 and 2001. In 1999, the Company incurred costs of approximately $9.1 million to open 201 new dispatch offices, an average of approximately $45,000 per dispatch office. Approximately $13,000 of these costs includes salaries, recruiting, testing, training, lease and other related costs; the remaining $32,000 of the cost of opening a dispatch office includes computer systems and other equipment related costs, leasehold improvements and a cash dispensing machine and related equipment. Further, once open, the Company invests significant amounts of additional cash into the operations of new dispatch offices until they begin to generate sufficient revenue to cover their operating costs, generally within six months. The Company pays its temporary workers on a daily basis, and bills its customers on a weekly basis. The average collection cycle for 1999 was approximately 40 days. Consequently, the Company historically has experienced significant negative cash flow from operations and investment activities during periods of high growth and may require additional sources of working capital in order to continue to grow. See "Liquidity and Capital Resources" and "Outlook: Issues and Uncertainties--Working Capital Requirements."

Construction and landscaping businesses and, to a lesser degree, other customer businesses typically increase activity in spring, summer and early fall months and decrease activity in late fall and winter months. Inclement weather can slow construction and landscaping activities in such periods. As a result, the Company has generally experienced a significant increase in temporary labor demand in the spring, summer and early fall months, and lower demand in the late fall and winter months.

Depending upon location, new dispatch offices initially target the construction industry for potential customers. As dispatch offices mature, the customer base broadens and the mix of work diversifies. From time to time during peak periods, the Company experiences shortages of available temporary workers. See "Outlook: Issues and Uncertainties -- Availability of Temporary Workers."

Cost of services includes the wages and related payroll taxes of temporary workers, workers' compensation expense, unemployment compensation insurance, and transportation.

Temporary workers assigned to customers remain Labor Ready employees. Labor Ready is responsible for employee-related expenses of its temporary workers, including workers' compensation, unemployment compensation insurance, and Medicare and Social Security taxes. The Company does not provide health, dental, disability or life insurance to its temporary workers. Generally, the Company bills its customers for the hours worked by the temporary workers assigned to the customer. Because the Company pays its temporary workers only for the hours actually worked, wages for the Company's temporary workers are a variable cost that increases or decreases directly in proportion to revenue.

The Company has one franchisee, which operates five dispatch offices. The Company does not intend to grant additional franchises. Royalty revenues from the franchised dispatch offices were not material during any period presented herein.

The typical customer order is for two temporary workers and the typical payroll check paid or CDM voucher issued by the Company is less than $50. The Company is not dependent on any individual customer for more than 1% of its annual revenues. During 1999, the Company provided temporary workers to in excess of 254,000 customers and filled more than 6.5 million work orders.

RESULTS OF OPERATIONS

The following table sets forth the percentage of revenues represented by certain items in the Company's Consolidated Statements of Operations for the periods indicated.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
<S>	<C>	<C>	<C>
Revenues from services..........................	100.0%	100.0%	100.0%
Cost of services................................	69.0	69.7	70.6
Selling, general and administrative expenses.....	25.5	23.8	25.1
Depreciation and amortization....................	0.6	1.0	1.2
Interest income (expense) and other, net.........	(0.1)	(0.4)	0.6
Income before taxes on income and cumulative effect of change in accounting principle.........	4.8	5.5	3.7
Net income......................................	2.7	3.3	2.1

</TABLE>

YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

DISPATCH OFFICES. The number of offices grew to 687 at December 31, 1999 from 486 locations at December 31, 1998, a net increase of 201 dispatch offices or 41.4% and from 316 locations at December 31, 1997, a net increase of 170 dispatch offices, or 53.8%.

REVENUES FROM SERVICES. Revenues from services increased to $850.9 million in 1999 as compared to $606.9 million in 1998, an increase of $244.0 million or 40.2%. The increase in revenues is primarily due to continued increases in revenues from mature dispatch offices as the Company consolidates its position in the marketplace and builds brand awareness. The Company opened 201 offices, which produced average revenues of approximately $480,000 as compared to 1998 when the Company opened 170 offices, which had average revenues of $576,000. Included in revenues from services for the years ended December 31, 1999 and 1998 were CDM fees of $7.7 million and $3.6 million, respectively.

Revenues from services increased to $606.9 million in 1998 as compared to $335.4 million in 1997, an increase of $271.5 million or 80.9%. The increase in revenues was primarily due to continued increases in revenues from mature dispatch offices. Additionally, the Company opened 170 new dispatch offices in 1998 and increased its average revenues per new dispatch office from approximately $473,000 in 1997 to approximately $576,000 in 1998. In 1998, the Company opened 161 of its 170 new dispatch offices in the first half of the year, compared to 97 dispatch offices opened in the first half and 19 opened in the second half of 1997. Opening dispatch offices in the first half of the year enables each new dispatch office to realize higher revenues during the Company's busiest time of the year. Included in revenues from services for the years ended December 31, 1998 and 1997 were CDM fees of $3.6 million and $0, respectively.

<TABLE>
<CAPTION>

	(IN THOUSANDS)		
	1999	1998	1997
<S>	<C>	<C>	<C>

Increase in revenues from dispatch offices open for full year.....	$ 147,453	$ 173,571	$ 117,088
Revenues from new dispatch offices opened during year............	96,525	97,915	54,871
Total increase over prior year..................................	$ 243,978	$ 271,486	$ 171,959

</TABLE>

COST OF SERVICES. Cost of services increased to $587.4 million in 1999 from $422.9 million in 1998, an increase of $164.5 million or 38.9%. The increase in cost of services was due largely to the 40.2% increase in revenue from 1998 to 1999. Cost of services was 69.0% of revenue in 1999 compared to 69.7% of revenue in 1998, an improvement of 0.7%. Cost of services as a percentage of revenues decreased as compared to 1998 levels as the Company's workers' compensation claims experience continues to improve offset by a slight increase to wages paid to workers. The increase in CDM fees in revenues from services contributed 0.4% to the improvement in cost of services as a percentage of revenue from 1999 to 1998.

Cost of services increased to $422.9 million in 1998 from $236.7 million in 1997, an increase of $186.2 million or 78.7%. The increase in cost of services was due largely to the 80.9% increase in revenue from 1997 to 1998. Cost of services was 69.7% of revenue in 1998 compared to 70.6% of revenue in 1997, an improvement of 0.9%. Cost of services as a percentage of revenues decreased as compared to 1997 levels as the Company's workers' compensation claims experience continues to improve. Additionally, the Company's sales increased in mature stores and margins improved as it realized benefits related to its size in the market. The inclusion of CDM fees in revenues from services contributed 0.4% to the improvement in cost of services as a percentage of revenue from 1998 to 1997.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses were $217.3 million in 1999 as compared to $144.2 million in 1998, an increase of $73.1 million, or 50.6%. The increase was largely due to the 40.2% increase in revenue from 1998 to 1999. Selling, general and administrative expenses were 25.5% of revenues in 1999 as compared to 23.8% of revenues in 1998. The increase in selling, general and administrative expenses as a percentage of revenue is due mainly to an increase in bad debt expense and recruiting and training fees related to hiring additional branch managers and sales representatives. Included in selling, general and administrative costs for the years ended December 31, 1999 and 1998 are CDM related expenses of $2.9 million and $1.9 million, respectively. The Company expects that selling, general and administrative expenses as a percentage of revenues may fluctuate in future periods as the Company from time to time upgrades its administrative capabilities to accommodate anticipated revenue growth.

Selling, general and administrative expenses were $144.2 million in 1998 as compared to $84.1 million in 1997, an increase of $60.1 million, or 71.5%. The increase was largely due to increases in personnel and infrastructure to support the 80.9% increase in revenue from 1997 to 1998. Selling, general and administrative expenses were 23.8% of revenues in 1998 as compared to 25.1% of revenues in 1997. The decrease in selling, general and administrative expenses as a percentage of revenue is due mainly to economies of scale on fixed and semi-fixed administrative costs. Included in selling, general and administrative costs for the years ended December 31, 1998 and 1997 are CDM related expenses of $1.9 million and $0, respectively.

DEPRECIATION AND AMORTIZATION EXPENSE. Depreciation and amortization expenses were $4.8 million in 1999 and $6.1 million in 1998, a decrease of $1.3 million or 20.9%. The decrease in depreciation and amortization expense is primarily the result of the elimination of amortization expense when the Company adopted Statement of Position 98-5 (SOP 98-5). Beginning in 1999, SOP 98-5 requires the Company to expense as incurred, pre-opening costs for new dispatch offices, and recognize as a cumulative effect of a change in accounting principle, a one-time charge for the unamortized balance of pre-opening costs. The cumulative effect of adopting SOP 98-5 resulted in a $1.5 million charge, net of tax, in 1999 to relieve the unamortized balance of pre-opening costs. Prior to the change, the Company had capitalized pre-opening costs and amortized them over two years. Offsetting this decrease is higher levels of depreciation resulting from the addition of $15.2 million in property and equipment during the year. These additions primarily include CDMs and related equipment, computer equipment, software and other equipment needed for the new offices opened during the period and to expand the Company's data processing capabilities to accommodate the Company's continued growth. Included in depreciation and amortization expense for the years ended December 31, 1999 and 1998 is depreciation on CDMs of $1.0 million and $0.6 million, respectively.

Depreciation and amortization expenses were $6.1 million in 1998 and $4.0 million in 1997, an increase of $2.1 million or 52.5%. The increase in depreciation and amortization expense is the result of amortization of dispatch office pre-opening costs as the Company continued its rapid expansion by adding 170 stores in 1998. Additionally, the Company added approximately $13.2 million in property and equipment during the year, including information systems and equipment for the new stores, cash dispensing machines for all of its United States' stores and enhanced management information systems hardware and software. Included in depreciation and amortization expense for the years ended December 31, 1998 and 1997 is depreciation on CDMs of $0.6 million and $0, respectively.

INTEREST INCOME (EXPENSE) AND OTHER, NET. The Company recorded net interest expense of ($1.0) million for the period ending December 31, 1999 as compared to ($0.3) million of expense for the same period in 1998. The increase in net interest expense was the result of increases in interest expense on CDM leases, higher letter of credit and line of credit fees than in 1998 as a result of providing additional collateral to the Company's workers' compensation insurers and increasing the line of credit to $60 million, and an increase in borrowings on the line of credit. Additionally, cash balances held in CDMs for payment of temporary worker payrolls will continue to reduce cash for investing.

Interest income (expense) and other, net was an expense of ($0.3) million in 1998 compared to income of $1.9 million in 1997, an increase in expense of ($2.2) million. Approximately $1.2 million of the difference was due to investment income earned during 1997 on the Company's workers' compensation deposits, which were replaced by letters of credit and surety bonds in 1998. Additionally, the Company had lower cash balances available for investing in 1998 due to cash balances held in CDMs for payment of temporary worker payroll.

TAXES ON INCOME. Taxes on income increased to $15.9 million in 1999 from $13.6 million in 1998, an increase of $2.3 million or 16.6%. The increase in taxes was due to the increase in income before taxes and cumulative effect of accounting change to $40.4 million for 1999 as compared to $33.6 million for 1998. The Company's effective tax rate was 39.2% in 1999 as compared to 40.7% in 1998. The decrease in the effective income tax rate was primarily due to reductions in the Company's state income tax rates. The principal difference between the statutory federal income tax rate and the Company's effective income tax rate result from state income taxes and certain non-deductible expenses.

Taxes on income increased to $13.6 million in 1998 from $5.6 million in 1997, an increase of $8.0 million or 142.9%. The increase in taxes was largely due to the 167.2% increase in pretax income to $33.4 million in 1998 from $12.5 million in 1997. The Company's effective tax rate was 40.7% in 1998 as compared to 44.8% in 1997. The decrease in the effective income tax rate was due primarily to prior period amounts included in the 1997 tax provision. The principal difference between the statutory federal income tax rate and the Company's effective income tax rate result from state income taxes and certain non-deductible expenses.

The Company had a net deferred tax asset of approximately $14.8 million at December 31, 1999, resulting primarily from workers' compensation deposits, credits and reserves. The Company has not established a valuation allowance against this net deferred tax asset as management believes that it is more likely than not that the tax benefits will be realized in the future based on the historical levels of pre-tax income and expected future taxable income.

NET INCOME. Net income increased to $23.1 million in 1999 from net income of $19.8 million in 1998, an increase of $3.3 million or 16.8%. This increase in net income is primarily the result of increased revenues and gross margins and decreases in amortization expense, offset by a one-time charge of $1.5 million related to the change in accounting principle for dispatch office pre-opening costs as discussed above.

Net income increased to $19.8 million in 1998 from net income of $7.0 million in 1997, an increase of $12.8 million or 182.9%. This increase in net income is primarily the result of increased revenues, gross margins and lower selling, general and administrative costs as a percentage of revenue.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by (used in) operating activities was ($4.1) million, $13.3 million and $11.3 million, in 1999, 1998 and 1997, respectively. The decrease in cash flows from operations in 1999 as compared to 1998 is largely due to the increase in accounts receivable and number of days in accounts receivable, income taxes and deferred income taxes. The increase in accounts receivable, of $44.2 million, is a result of the Company's growth. The decrease in cash flow for these items were offset by the non-cash provision for bad debt, depreciation and amortization and an increase in the reserve for workers' compensation and net income for the year.

The increase in cash flows from operations in 1998 as compared to 1997 is largely due to net income for the year, increases in non-cash expenses including depreciation and amortization and the provision for doubtful accounts, offset by an increase in the Company's net deferred tax asset during the year. Additionally, the reserve for workers' compensation claims grew by $12.1 million, due mainly to the increase in revenues over 1997. Finally, income taxes payable, net of income taxes receivable, increased by $5.7 million as a result of the Company's increased profitability over 1997. These increases were offset by the increase in accounts receivable of $36.3 million over 1997.

The Company used net cash in investing activities of $14.2 million in 1999, $9.2 million in 1998 and $4.9 million in 1997. The increase in cash used in investing activities in 1999 as compared to 1998 is due primarily to the increase in capital expenditures incurred to open 201 new dispatch offices in 1999 and an increase to the Company's data processing capabilities to accommodate the growth in dispatch offices and upgrade computer systems in existing locations. The Company's cash used for capital expenditures in 1999 and 1998 include property and equipment acquired other than through capital lease.

The increase in cash used in investing activities in 1998 as compared to 1997 is due primarily to the increase in capital expenditures incurred to open 170 new dispatch offices in 1998 as compared to 116 in 1997. These expenditures included primarily store pre-opening costs, computer systems and related equipment, and leasehold improvements. Additionally, the Company continued to acquire additional hardware and software to accommodate the Company's information needs during its rapid expansion program.

Net cash provided by (used in) financing activities was $9.3 million, ($0.1) million and ($1.9) million in 1999, 1998 and 1997, respectively. The increase in cash provided by financing activities in 1999 as compared to 1998 is due mainly to the increase in short term borrowings and proceeds from the sale of stock through stock options and warrants exercised and the Company's employee benefit plans. Additionally, in 1999, the Company made payments of $0.9 million on the CDM capital leases and used cash of $1.4 million to repurchase 136,300 shares of its common stock on the open market.

The decrease in cash used by financing activities in 1998 as compared to 1997 is due mainly to the increase in proceeds from the sale of stock through the Company's employee stock option and employee stock purchase plans. Additionally, in 1998, the Company made payments of $0.6 million on the CDM capital leases and used cash of $1.9 million to repurchase 106,116 shares of its common stock on the open market.

During 1999, the Company entered into a line-of-credit agreement with U.S. Bank. The new agreement allows the Company to borrow up to the lesser of $60 million or 80% of eligible accounts receivable, as defined by the bank, with interest at the lesser of the bank's prime rate (8.50% at December 31, 1999) or the London Inter-Bank Offering Rate (LIBOR) plus 1.25. The line of credit is secured primarily by the Company's accounts receivable and is due in full on June 30, 2001. The line of credit agreement requires that the Company maintain minimum net worth and working capital amounts. The Company was in compliance with the requirements at December 31, 1999.

As discussed further in the consolidated financial statements, the Company is required by the workers' compensation program to collateralize a portion of its workers' compensation liability with irrevocable letters of credit. At December 31, 1999, the Company had provided its insurance carriers with letters of credit totaling $27.1 million. The letters of credit bear fees of .75% per year and are supported by an equal amount of available borrowings on the line-of-credit. Accordingly, at December 31, 1999, no borrowings were outstanding on the line-of-credit, $27.1 million was committed by the letters of credit and $32.9 million was available for borrowing. Subsequent to year end, the Company decreased its outstanding letters of credit by $2.5 million.

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Historically, the Company has financed its operations through cash generated by external financing including term loans and lines of credit. The principal use of cash is to finance the growth in receivables and the cost of opening new dispatch offices. The Company may experience cash flow deficits from operations and investing activities while the Company expands its operations, including the acceleration of opening new dispatch offices. Management expects cash flow deficits to be financed by profitable operations, the use of the Company's line-of-credit, and may consider other equity or debt financings as necessary. The Company analyzes acquisition opportunities from time to time and may pursue acquisitions in certain circumstances. Any acquisitions the Company enters into may require additional equity or debt financing.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to changes in interest rates, and to a minor extent, foreign currency exchange rates, each of which could adversely affect the value of our investments. We do not currently use derivative financial instruments. At December 31, 1999, our purchased investments have maturities of less than 90 days. As such, an increase in interest rates immediately and uniformly by 10% from levels at December 31, 1999 would not have a material affect upon our cash and cash equivalent balances. Because of the relative short maturities of the investments we hold, we do not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates on its cash and cash equivalents portfolio.

We have a minor amount of assets and liabilities denominated in certain foreign currencies related to our international operations. We have not hedged our translation risk on these currencies and we have the ability to hold our foreign-currency denominated assets indefinitely and do not expect that a sudden or significant change in foreign exchange rates will have a material impact on future net income or cash flows.

OUTLOOK: ISSUES AND UNCERTAINTIES

We do not provide forecasts of future financial performance. While our management is optimistic about our long-term prospects, the following issues and uncertainties, among others, should be considered in evaluating its growth outlook.

IF WE FAIL TO MANAGE OUR RAPID GROWTH EFFECTIVELY, OUR RESULTS WILL SUFFER. Our growth is dependent upon such factors as our ability to attract and retain sufficient qualified management personnel to manage multiple and individual dispatch offices, the availability of sufficient temporary workers to meet customer needs, workers' compensation costs, collection of accounts receivable and availability of working capital, all of which are subject to uncertainties. We must continually adapt our management structure and internal control systems as we continue our rapid growth.

THE LOSS OF ANY OUR KEY PERSONNEL COULD ADVERSELY US. Our success depends to a significant extent upon the continued service of our Chief Executive Officer and other members of our executive management. Future performance depends on our ability to recruit, motivate and retain key management personnel.

THE COSTS OF GOVERNMENT REGULATIONS AND WORKERS' COMPENSATION ARE SIGNIFICANT AND WILL, IF INCREASED AND WE ARE UNABLE TO PASS THESE COSTS ON TO OUR CUSTOMERS, ADVERSELY AFFECT US. We incur significant costs to comply with all applicable federal and state laws and regulations relating to employment, including occupational safety and health provisions, wage and hour requirements (including minimum wages), workers' compensation and unemployment insurance. We attempt to increase fees charged to our customers to offset increased costs relating to these laws and regulations, but may be unable to do so. If Congress or state legislatures adopt laws specifying benefits for temporary workers, demand for our services may be adversely affected. In addition, workers' compensation expenses are based on our actual claims experiences in each state and the actual aggregate workers' compensation costs may exceed estimates.

OUR BUSINESS DEPENDS EXTENSIVELY ON RECRUITING AND RETAINING QUALIFIED DISPATCH OFFICE MANAGERS. We rely heavily on the performance and productivity of our dispatch office general managers, who manage the operation of the dispatch offices, including recruitment and daily dispatch of temporary workers, marketing and providing quality customer service. We opened 201 dispatch offices in 1999 and plan to open 200 new offices in the first half of 2000 and 200 in 2001. We must therefore recruit a sufficient number of managers to staff each new office and to replace managers lost through attrition or termination. Our future growth and performance depend on our ability to hire, train and retain qualified managers from a limited pool of qualified candidates who frequently have no prior experience in the temporary employment industry.

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WE EXPERIENCE INTENSE COMPETITION IN OUR INDUSTRY, WHICH COULD HARM OUR RESULTS. The short-term, light industrial niche of the temporary services industry is highly fragmented and highly competitive, with limited barriers to entry. Several very large full-service and specialized temporary labor companies, as well as small local operations, compete with us in the staffing industry. Competition in some markets is intense, particularly for provision of light industrial personnel, and price pressure from both competitors and customers is increasing.

OUR RAPID GROWTH AND EXPANSION REQUIRES SIGNIFICANT WORKING CAPITAL TO FINANCE OUR BUSINESS. We have historically experienced significant negative cash flow from operations and investment activities resulting from the rapid growth in the number of dispatch offices. In 1999, we incurred costs of approximately $9.1 million to open 201 new dispatch offices, an average of approximately $45,000 per dispatch office. Once open, we invest significant additional cash into the operations of new dispatch offices until they begin to generate sufficient revenue to cover their operating costs. In addition, we pay our temporary personnel on a daily basis and bill our customers on a weekly basis. (This means that we must maintain sufficient cash reserves to pay our temporary personnel prior to receiving payment from our customers.) We expect to require additional sources of capital in order to continue to grow especially during seasonal peaks in revenue experienced in the third and fourth quarter of the year.

OUR INDUSTRY INCURS ALL THE RISK ASSOCIATED WITH EMPLOYING MANUAL LABOR, WHICH WE TRY TO MANAGE BUT CAN LEAD TO SIGNIFICANT POTENTIAL LIABILITY. Temporary staffing companies, such as ours, employ people in the workplace of their customers. This creates a risk of potential litigation based on claims of discrimination and harassment, violations of health and safety and wage and hour laws, criminal activity, and other claims. While we try to limit our liability by contract, we may be held responsible for the actions at a job site of workers not under our direct control. Like other temporary staffing companies, we are also affected by fluctuations and interruptions in the business of their customers.

OUR BUSINESS WILL LIKELY BE AFFECTED BY ECONOMIC FLUCTUATIONS AFFECTING THE U.S. ECONOMY. The general level of economic activity, interest rates and unemployment in the U.S. and specifically within the construction, landscaping and light industrial trades may significantly affect demand for our services.

OUR BUSINESS TENDS TO BE BUSIER DURING WARMER SEASONAL PERIODS. Many of our customers are in the construction and landscaping industries, which are significantly affected by seasonal factors such as the weather. We generally experience increased demand in the spring, summer and early fall, while inclement weather is generally coupled with lower demand for our services.

OUR BUSINESS WOULD SUFFER IF WE COULD NOT ATTRACT TEMPORARY WORKERS TO FILL THE JOBS WE OFFER. We compete with other temporary personnel companies to meet our customer needs. We must continually attract reliable temporary workers to fill positions and may from time to time experience shortages of available temporary workers.

OUR INFORMATION AND COMPUTER PROCESSING SYSTEMS ARE CRITICAL TO THE OPERATIONS OF OUR BUSINESS AND ANY FAILURE COULD CAUSE SIGNIFICANT PROBLEMS. Our management information systems, located at our headquarters, are essential for data exchange and operational communications with dispatch offices throughout the country. Any interruption, impairment or loss of data integrity or malfunction of these systems could severely hamper our business.

OUR SYSTEMS WERE SUBJECT TO POTENTIAL YEAR 2000 ISSUES. We modified significant portions of our management information systems (MIS) and non-MIS systems so that they would function properly in the year 2000 and beyond. Prior to the end of 1999, we completed a review of our internally developed and third party supplied software to determine our readiness. Based upon our assessment, we believe that our internally developed proprietary software is year 2000 compliant. In addition, we assessed the year 2000 readiness of our third party supplied software, computer technology and other services. We have incurred internal staff costs as well as consulting and other expenses related to the enhancements necessary to complete the remediation of our systems for the year 2000. The incremental costs for the year 2000 remediation efforts have been insignificant.

To date, we have not experienced and do not anticipate any year 2000 related problems with our internally developed software or our third party supplied software and computer technology. However, there may be additional problems that surface at key dates or events in the future. We do not anticipate these future dates or events that may be related to the year 2000 to have a material adverse effect on the results of operations, liquidity or financial condition. Furthermore, we do not anticipate any significant expenditure in the future related to year 2000 compliance.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required hereunder are included in the Annual Report as set forth in Item 14 hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

TENURE OF DIRECTORS AND OFFICERS

The names, ages and positions of the directors, executive officers and certain key employees of the Company as of March 1, 2000 are listed below along with their business experience during the past five years. No family relationships exist among any of the directors or executive officers of the Company, except that Todd A. Welstad is the son of Glenn A. Welstad.

NAME	AGE	POSITION
Glenn A. Welstad	56	Chairman of the Board, Chief Executive Officer and President
Ronald L. Junck	52	Director, Executive Vice President, General Counsel and Secretary
Joseph P. Sambataro, Jr.	49	Director, Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary
Todd A. Welstad	30	Chief Information Officer
Richard W. Gasten	62	Director, Vice President and Secretary of Labour Ready Temporary Services, Ltd.
Thomas E. McChesney	53	Director
Robert J. Sullivan	69	Director
Carl W. Schafer	64	Director

BUSINESS EXPERIENCE

The business experience and brief resumes on each of the Directors, Executive Officers, and significant employees are as follows:

GLENN A. WELSTAD has served as the Company's Chairman of the Board of Directors, Chief Executive Officer and President since February 1988. Prior to joining the Company, Mr. Welstad was an officer of Body Toning, Inc., W.I.T. Enterprises, and Money Mailer from February 1987 to March 1989. In 1969 Mr. Welstad founded Northwest Management Corporation, a holding company for restaurant operations. Over the course of 15 years, Mr. Welstad expanded the operations to twenty-two locations in five states, which included eight Hardee's Hamburger Restaurants as well as pizza and Mexican restaurants. In March 1984, Mr. Welstad sold his ownership interest in Northwest Management Corporation.

RONALD L. JUNCK has served as a Director and Secretary of the Company since November 1995. In February 1998, Mr. Junck joined the Company as Executive Vice President and General Counsel. From 1974 until 1998, Mr. Junck practiced law in Phoenix, Arizona, specializing in business law and commercial transactions and serving as the Company's outside counsel. As an attorney, he has extensive trial experience in a variety of commercial cases and has lectured widely at a number of colleges and universities.

JOSEPH P. SAMBATARO, JR. has served as Executive Vice President, Treasurer, Chief Financial Officer and Assistant Secretary of the Company since August 1997. Subsequent to year end, Mr. Sambataro was also named to the Board of Directors. Prior to joining the Company, he served as the Managing Partner of the Seattle office of BDO Seidman, LLP, an accounting and consulting firm from 1990 to 1997. In 1985, Mr. Sambataro was co-founder, and served as Director and Officer of Ecova Corporation, an on-site toxic waste remediation company until 1989. From 1972 until 1985 Mr. Sambataro was a Partner with KPMG Peat Marwick in the New York, Miami and Seattle offices. Mr. Sambataro obtained a degree in accounting from Fordham University in 1972 and is a member of the American Institute of Certified Public Accountants.

TODD A. WELSTAD has served as Chief Information Officer of the Company since August 1997. Mr. Welstad joined the Company in January 1994 as the manager of the Tacoma dispatch office and in August 1994 was promoted to Systems Analyst in the MIS Department. From October 1994 until August 1997, Mr. Welstad served as Director of the MIS Department. From February 1989 to December 1994, Mr. Welstad was employed as a Technical Supervisor at Micro-Rel, a division of Medtronics.

RICHARD W. GASTEN has served as a Director of the Company since August

1996. Mr. Gasten has also served as a Director of Labour Ready Temporary Services, Ltd., the Company's Canadian subsidiary and as a consultant to the Company since September 1995. In June 1997, Mr. Gasten was appointed to the position of Vice President and Secretary of Labour Ready. With this appointment, the consulting agreement with Mr. Gasten terminated. Mr. Gasten has over 25 years experience as a member of executive management with Western Capital Trust Company, Vancouver, B.C., Unity Bank of Canada and The Bank of Nova Scotia.

THOMAS E. MCCHESNEY has served as a director of the Company since July 1995. In September 1996, Mr. McChesney became associated with Blackwell Donaldson and Company, as director of investment banking. Mr. McChesney is also a director of USOL Holdings Inc., a NASDAQ listed company and Nations Express, Inc. Previously, Mr. McChesney was an officer and director of Paulson Investment Co. and Paulson Capital Corporation from March 1977 to June 1995.

ROBERT J. SULLIVAN has served as a director of the Company since November 1994. Prior to joining the Company he served as a financial consultant to the Company from July 1993 to June 1994. Additionally, Mr. Sullivan has an extensive career of over 35 years in financial management, as both a CPA and audit manager with Price Waterhouse & Co. and as a member of executive management with companies listed on NYSE and AMEX.

CARL W. SCHAFER has served as a Director of the Company since September of 1999. Mr. Shafer currently serves as President of The Atlantic Foundation. Prior to his work with The Atlantic Foundation, Mr. Shafer's experience includes the U.S. Bureau of the Budget, Financial Vice President and Treasurer of Princeton University, Chairman of the investment advisory committee for the Howard Hughes Medical Institute and Principal of Rockefeller & Co., Inc. He also serves on various boards including the Paine Webber and Guardian Groups of mutual funds. Mr. Shafer received his bachelor's degree from the University of Rochester.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities and Exchange Act of 1934, as amended, requires the Company's officers and directors and certain other persons to file timely certain reports regarding ownership of, and transactions in, the Company's securities with the Securities and Exchange Commission. Copies of the required filings must also be furnished to the Company. Based solely on its review of such forms received by it or representations from certain reporting persons, the Company believes that during 1999 all applicable Section 16(a) filing requirements were met.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the compensation earned by the Chief Executive Officer and the next four most highly compensated executive officers of the Company.

SUMMARY COMPENSATION TABLE (1)

<TABLE>
<CAPTION>

	ANNUAL COMPENSATION		LONG -TERM COMPENSATION AWARDS	ALL OTHER COMPENSATION	
	YEAR	SALARY	SECURITIES UNDERLYING OPTIONS/ SARS(#)	MATCHING 401(K) CONTRIBUTIONS	SPLIT DOLLAR LIFE INSURANCE
<S>	<C>	<C>	<C>	<C>	<C>
Glenn A. Welstad	1999	519,231	30,000	$ 2,500	$ 176,526
Chairman of the Board, Chief	1998	497,380	45,000	$ 2,500	$ 166,000
Executive Officer and President	1997	452,958	-	$ 2,500	-
Ronald L. Junck	1999	207,692	30,000	-	-
Director, Executive Vice President,	1998	73,077	382,500	-	-
General Counsel and Secretary	1997	-	-	-	-

Joseph P. Sambataro, Jr.	1999	207,692	30,000	$	2,500
Director, Executive Vice President,	1998	192,692	45,000	$	1,731
Chief Financial Officer, Treasurer	1997	53,328	405,000		-
Assistant Secretary					
Todd A. Welstad	1999	193,143	30,000	$	1,932
Chief Information Officer	1998	137,769	45,000	$	1,378
	1997	104,808	146,757	$	1,048
Thomas E. Gilbert	1999	193,786	30,000	$	2,500
Senior Area Director of Operations	1998	168,000	9,554	$	2,500
	1997	153,577	35,438	$	1,487

</TABLE>

(1) None of the named executives received compensation reportable under the Restricted Stock Awards or Long-Term Incentive Plan Payouts columns.

OPTION GRANTS DURING 1999 FISCAL YEAR

The following table provides information related to options granted to the named executive officers during 1999.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

<TABLE>
<CAPTION>

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE Value at Assumed Annual Rates of Stock Price Appreciation for OPTION TERM (1)	
	Number of Securities Underlying Options/SARS Granted	% of total Options/SARS Granted to Employees in Fiscal Year	Exercise or base Price ($/sh)(3)	Expiration Date	5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Glenn Welstad Chairman of the Board, Chief Executive Officer and President	30,000	1.4%	17.33	3/1/04	143,700	317,400
Ronald L. Junck Director, Executive Vice President General Counsel and Secretary	30,000	1.4%	17.33	3/1/04	143,700	317,400
Joseph P. Sambataro, Jr. Director, Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary	30,000	1.4%	17.33	3/1/04	143,700	317,400
Todd A. Welstad Chief Information Officer	30,000	1.4%	17.33	3/1/04	143,700	317,400
Thomas E. Gilbert Senior Area Director of Operations	30,000	1.4%	17.33	3/1/04	143,700	317,400

</TABLE>

(1) The potential realizable value portion of the table illustrates value that might be realized upon exercise of the options immediately prior to the expiration of their term, assuming the specified compounded rates of appreciation on the Company's Common Stock over the term of the options. These numbers do not take into account certain provisions of the options providing for cancellation of the option following termination of employment.

(2) Options to acquire shares of Common Stock. The options vest 25% annually over the next four years.

(3) The option exercise price may be paid in shares of Common Stock owned by the executive officer, in cash, or in any other form of valid consideration or a combination of any of the foregoing, as determined by the Compensation Committee in its discretion.

- --

OPTION EXERCISES DURING 1999 AND YEAR END OPTION VALUES

The following table provides information related to options exercised by the named executive officers during 1999 and the number and value of options held at year-end. The Company does not have any outstanding stock appreciation rights ("SARs").

AGGREGATE OPTION/SAR EXERCISES IN 1999 AND
YEAR END OPTION/SAR VALUE

<TABLE>
<CAPTION>

			NUMBER OF SECURITIES Underlying Unexercised Options/SARs at December 31, 1999		VALUE OF UNEXERCISED In-the-Money Options/SARs at December 31, 1999 ($) (1)	
Name	SHARES Acquired on Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Glenn Welstad Chairman of the Board Chief Executive Officer And President	-	-	11,250	63,750	$ 844	$ 2,531
Ronald L. Junck Director, Executive Vice President, General Counsel and Secretary	-	-	188,608	233,342	$ 569,520	$ 500,104
Joseph P. Sambataro, Jr. Director, Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary	45,750	$1,557,942	97,121	164,998	$ 724,479	$ 855,748
Todd A. Welstad Chief Information Officer	30,375	-	93,572	128,693	$ 440,351	$ 277,927
Thomas E. Gilbert Senior Area Director of Operations	-	$ 427,651	5,062	51,510	$ 33,404	$ 121,559

</TABLE>

(1) The closing price for the Company's common stock as reported by the New York Stock Exchange on December 31, 1999, was $12.13.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Company's executive compensation is determined by a compensation committee comprised of three members of the Board of Directors, Messrs. McChesney, Sullivan and Shafer. The philosophy of the Company's executive compensation program is that compensation of executive officers should be directly and materially linked both to the operating performance of the Company and to the interests of Shareholders.

Annual cash compensation, together with stock options, is designed to attract and retain qualified executives and to ensure that such executives have a continuing stake in the long term success of the Company. The annual compensation of Mr. Welstad, the Company's Chairman and Chief Executive Officer, has been set by a written employment contract entered into in 1999, which set compensation of $41,667 per month, subject to annual increases on the anniversary date of the agreement of 10% of the prior period's base salary. For 2000, Mr. Welstad's monthly compensation is $41,667. Mr. Welstad may also receive stock options determined annually as provided by the Company's Employee Stock Option and Incentive Plan, as administered by the Company's Board of Directors or compensation committee. In 1999, the Board of Directors approved annual grants of stock options to management and administrative personnel as indicated in the preceding tables. Under the plan as approved, each of the executive officers of the Company received a grant of 30,000 options; all future grants and executive compensation are subject to annual approval by the Compensation Committee.

With respect to other executive officers compensation, the Compensation Committee sets salary based on recommendations of the CEO, unless the officer's salary is established by written contract. With respect to officers that have recently joined the Company, the recommendations are based on the CEO's negotiations with the officer as necessary to attract such persons to become officers of the Company. The Compensation Committee reviews the salaries for officers with comparable duties at the median of companies of comparable revenue size in the Pacific Northwest. These companies are selected informally without the use of a compensation consultant. Annual salary increases are typically modest, except to reflect changes in responsibilities.

EMPLOYMENT AGREEMENTS:

In January of 1999, the Company entered into an employment agreement with Glenn Welstad, the Company's Chairman and Chief Executive Officer, which provides for annual compensation of $41,667 per month, subject to annual increases on the anniversary date of the agreement of 10% of the prior period's base salary and stock options determined annually as provided by the Company's Employee Stock Option and Incentive Plan and an Executive Split Dollar Plan. Under terms of the Executive Split Dollar Plan, a family trust established by Mr. Welstad will purchase a $15 million life insurance policy on the life of Mr. Welstad and his spouse. The Company will advance annual premiums of approximately $167,000 and will receive repayment of these premium advances upon surrender of the policy, the death of the insured or at the end of the tenth policy year. The agreement runs through December 31, 2003.

In February 1998, the Company entered into an employment agreement with Ronald L. Junck, the Company's Executive Vice President, General Counsel and Secretary, which provides for initial annual compensation of $16,667 per month, subject to annual increases on the anniversary date of the agreement at the discretion of the Board of Directors. In addition, the employment agreement provides for a bonus, as determined by the compensation committee, based on Mr. Junck's performance, and the overall performance of the Company. The agreement provides Mr. Junck with options to purchase 337,500 of the Company's common stock at its fair market value at date of grant of $9.22. 42,188 options vest semi-annually to 2001. The agreement expires in 2002.

In August 1997, the Company entered into an employment agreement with Joseph P. Sambataro, Jr., the Company's Executive Vice President, Chief Financial Officer, Treasurer, and Assistant Secretary, which provides for initial annual compensation of $13,500 per month, subject to annual increases on the anniversary date of the agreement at the discretion of the Board of Directors. In addition, the employment agreement provides for a bonus, as determined by the compensation committee, based on Mr. Sambataro's performance, and the overall performance of the Company. The agreement provides Mr. Sambataro with options to purchase 405,000 of the Company's common stock at its fair market value at date of grant of $3.70. 101,250 of the options vest on the date of grant and 50,625 options vest semi-annually to 2000. The agreement expires in 2001.

ITEM 12. PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of each class of equity securities of the Company as of December 31, 1999 for (i) each person known to the Company to own beneficially 5% or more of any such class as of December 31, 1999, (ii) each director of the Company, (iii) each executive officer of the Company required to be identified as a Named Executive Officer pursuant to Item 402 of Regulation S-K and (iv) all officers and directors of the Company as a group. Except as otherwise noted, the named beneficial owner has sole voting and investment power. See "Management" for a description of each individual's position with the Company, if any.

<TABLE>
<CAPTION>

NAME & ADDRESS OF BENEFICIAL OWNER	TITLE OF CLASS	AMOUNT AND (NUMBER OF SHARES)(1)	PERCENT OF CLASS
<S>	<C>	<C>	<C>
Glenn A. Welstad (1) (2).....................	Common Stock	4,521,167	10.6%
	Preferred Stock	4,814,739	74.2%
Ronald L. Junck (1)..........................	Common Stock	437,207	1.0%
Joseph P. Sambataro, Jr. (1).................	Common Stock	212,250	*
Todd A. Welstad (1)..........................	Common Stock	335,901	*
Thomas E. Gilbert............................	Common Stock	21,366	*
Richard W. Gasten (1)........................	Common Stock	33,519	*
Thomas E. McChesney (1)......................	Commona Stock	160,466	*
Robert J. Sullivan (1).......................	Common Stock	100,785	*
Carl W. Shafer (1)...........................	Common Stock	--	*
Wanger Asset Management, L.P. (3) (5)........	Common Stock	3,485,500	8.2%
Wallace R. Weltz & Company (4) (6)...........	Common Stock	2,525,300	5.9%
All Officers and Directors as a Group (9 Individuals) (1)	Common Stock	5,822,661	13.6%
	Preferred Stock	4,814,739	74.2%

</TABLE>

* Less than 1%.

(1) Beneficial ownership is calculated in accordance with Rule 13d-3(d)(1) of the Securities Exchange Act of 1934, as amended and includes shares of Common Stock issuable upon exercise of options, warrants, and other securities convertible into or exchangeable for Common Stock currently exercisable or exercisable within 60 days of December 31, 1999.

(2) The business address of Mr. Welstad is 1016 S. 28th Street, Tacoma, Washington, 98409.

(3) The business address of Wanger Asset Management, L.P. is 227 West Monroe Street, Suite 3000, Chicago, IL 60606.

(4) The business address of Wallace R. Weitz & Company is 1125 South 103rd Street, Suite 600, Omaha, NE 68124-6008.

(5) Shared voting power.

(6) Sole voting power.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Mr. Junck is an employee of the Company, a member of its board of directors, and is also a shareholder in a law firm that received approximately $0, $429,000 and $587,000 in payment for legal services performed for the Company in 1999, 1998 and 1997, respectively.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

The Financial Statements are found on pages F-1 through F-20 of this Form 10-K. The Financial Statement Table of Contents is on Page F-1. The Exhibit Index is found on Page 29 and 30 of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

LABOR READY, INC.

/s/ Glenn A. Welstad 3/30/00

Signature Date
By: Glenn A. Welstad, Chairman of the Board,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Glenn A. Welstad 3/30/00

Signature Date
Glenn A. Welstad, Chairman of the Board, Chief Executive Officer and President

/s/ Joseph P. Sambataro, Jr. 3/30/00

Signature Date
Joseph P. Sambataro, Jr., Director, Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary

/s/ Ronald L. Junck 3/30/00

Signature Date
Ronald L. Junck, Executive Vice President, Secretary, General Counsel and Director

/s/ Robert J. Sullivan 3/30/00

Signature Date
Robert J. Sullivan, Director

/s/ Richard W. Gasten 3/30/00

Signature Date
Richard W. Gasten, Vice President and Secretary, Labour Ready Temporary Services, Ltd. and Director

/s/ Thomas E. Mcchesney 3/30/00

Signature Date
Thomas E. McChesney, Director

/s/ Carl W. Schafer 3/30/00

Signature Date
Carl W. Schafer, Director

EXHIBIT INDEX

FORM 10-K
LABOR READY, INC.

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	
<S>	<C>	<C>
3	Articles of Incorporation	(1)
3.1	Articles of Amendment to Articles of Incorporation	(1)
3.2	Bylaws	(1)
4	Instruments Defining Rights of Security Holders (1)	
4.1	Rights Agreement Dated January 6, 1998	(2)
10	Material Contracts	
10.1	Warrant Purchase Agreements	(1)
10.2	Executive Employment Agreement between Labor Ready, Inc. And Glenn A. Welstad dated January 1,1999	
10.3	Employment Agreement between Labor Ready, Inc. and Joseph P. Sambataro, Jr. dated August 1, 1997	(1)
10.4	Business Loan Agreement between Labor Ready, Inc. and U.S. Bank of	

	Washington, N.A., dated February 3, 1999	(1)
10.5	Form of Lease for Labor Ready, Inc. dispatch office	(1)
10.6	1996 Employee Stock Option and Incentive Plan	(1)
10.7	1996 Employee Stock Purchase Plan	(1)
10.8	Form of equipment lease and related schedules at various dates between the Company as lessor, T&W Financial Corporation as Lessee and Diebold Corporation as Vendor	(1)
10.9	Excess Bond to Secure Premium and Deductible Obligations between Labor Ready, Inc., Travelers Casualty and Surety Company of America, Mutual Indemnity (U.S.) Ltd., and Legion Insurance Company dated September 1, 1998	(1)
10.10	Employment Agreement between Labor Ready, Inc. and Ronald L. Junck dated March 20, 1998	(1)
10.11	Bond to Secure Premium and Deductible Obligations between Labor Ready, Inc. Travelers Casualty and Surety Company of America, Reliance National Indemnity Company dated February 16, 1999	(1)
10.12	Form of equipment lease and related schedules at various dates between the Company as lessor, Wells Fargo Equipment Finance, Inc. as lessee	

</TABLE>

EXHIBIT INDEX (CONTINUED)

EXHIBIT NUMBER	DESCRIPTION
21	Subsidiaries of Labor Ready, Inc.
23	Consent of Arthur Andersen LLP - Independent Public Accountants
27	Financial Data Schedules
27.1	December 31, 1999 and for the year then ended
27.2	December 31, 1998 and 1997, for each of the two years then ended

(1) Incorporated by reference to the Company's Form 10 Registration Statement, SEC File No. 0-2382.

(2) Incorporated by reference to the Company's Current Report on Form 8-K Filed on January 16, 1998.

COPIES OF EXHIBITS MAY BE OBTAINED UPON REQUEST DIRECTED TO MR. JOSEPH P. SAMBATARO, JR., LABOR READY, INC., 1016 S. 28TH STREET, TACOMA, WASHINGTON, 98409.

LABOR READY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

<TABLE>
<CAPTION>

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Labor Ready, Inc.:

We have audited the accompanying consolidated balance sheets of Labor Ready, Inc. (A Washington Corporation) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Labor Ready, Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles.

The Company adopted the provisions of Statement of Position 985, "Reporting on the Costs of Startup Activities" which requires the Company to expense the cost of establishing new dispatch offices as a cumulative effect of adopting the Statement.

Seattle, Washington /s/ Arthur Andersen LLP
February 3, 2000

LABOR READY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1999 AND 1998

(IN THOUSANDS)

ASSETS

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,845	$ 25,940
Accounts receivable, less allowance for doubtful accounts of $9,899 and $4,218	93,716	65,484
Income tax receivable	2,004	--
Workers' compensation deposits and credits	4,955	2,961
Prepaid expenses and other	9,310	4,947
Deferred income taxes	8,101	6,601
Total current assets	134,931	105,933
PROPERTY AND EQUIPMENT		
Buildings and land	6,298	4,854
Computers and software	23,709	13,443
Cash dispensing machines	10,797	7,376
Furniture and equipment	766	667
	41,570	26,340

	1999	1998
Less accumulated depreciation	10,838	6,069
Property and equipment, net	30,732	20,271
OTHER ASSETS		
Intangible assets and other, less accumulated amortization of $213 and $6,383	48	2,630
Deferred income taxes	6,743	1,751
Restricted cash in captive insurance subsidiary	2,027	151
Total other assets	8,818	4,532
Total assets	$ 174,481	$130,736

See accompanying notes to consolidated financial statements.

LABOR READY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1999 AND 1998

(IN THOUSANDS EXCEPT PER SHARE DATA)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1999	1998
CURRENT LIABILITIES:		
Accounts payable	$ 11,756	$ 6,889
Accrued wages and benefits	8,531	7,544
Workers' compensation claims reserve, current portion	15,732	15,300
Income taxes payable	--	4,355
Current maturities of longterm debt	1,178	754
Total current liabilities	37,197	34,842
LONGTERM LIABILITIES:		
Longterm debt, less current maturities	6,590	5,073
Workers' compensation claims reserve, less current portion	19,558	10,324
Total longterm liabilities	26,148	15,397
Total liabilities	63,345	50,239
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, $0.131 par value, 20,000 shares authorized; 6,486 shares issued and outstanding	854	854
Common stock, no par value, 100,000 shares authorized; 42,802 and 41,961 shares issued and outstanding	62,928	54,131
Cumulative translation adjustments	(151)	(159)
Retained earnings	47,505	25,671
Total shareholders' equity	111,136	80,497
Total liabilities and shareholders' equity	$ 174,481	$ 130,736

See accompanying notes to consolidated financial statements.

LABOR READY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(IN THOUSANDS EXCEPT PER SHARE DATA)

	1999	1998	1997
Revenues from services	$ 850,873	$ 606,895	$ 335,409
Cost of services	587,366	422,924	236,666
Gross profit	263,507	183,971	98,743
Selling, general and administrative expense	217,294	144,249	84,081
Depreciation and amortization	4,804	6,076	4,011
Income from operations	41,409	33,646	10,651
Interest income (expense) and other, net	(979)	(256)	1,871
Income before taxes on income and cumulative effect of accounting change	40,430	33,390	12,522
Taxes on income	15,853	13,591	5,559
Income before cumulative effect of accounting change	24,577	19,799	6,963
Cumulative effect of accounting change, net of income tax benefit of $897	(1,453)	--	--
Net income	$ 23,124	$ 19,799	$ 6,963
Income Per Share:			
Basic	$ 0.54	$ 0.47	$ 0.17
Diluted	0.53	0.46	0.16
Weighted average shares outstanding:			
Basic	42,521	41,694	41,504
Diluted	43,456	42,999	42,251

See accompanying notes to consolidated financial statements.

LABOR READY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

(IN THOUSANDS)

	1999	1998	1997
Preferred stock			
Balance, beginning of year	$ 854	$ 854	$ 854
Balance, end of year	854	854	854
Common stock			

Balance, beginning of year	54,131	49,694	49,517
Common stock issued on the exercise of options and warrants	7,785	3,907	332
Common stock issued through employee benefit plans	1,209	954	456
Common stock repurchased	(197)	(424)	(611)
Balance, end of year	62,928	54,131	49,694
Cumulative translation adjustment			
Balance, beginning of year	(159)	86	(50)
Foreign currency translation	8	(245)	136
Balance, end of year	(151)	(159)	86
Retained earnings			
Balance, beginning of year	25,671	7,407	1,271
Net income	23,124	19,799	6,963
Common stock repurchased	(1,247)	(1,492)	(784)
Preferred stock dividends	(43)	(43)	(43)
Balance, end of year	47,505	25,671	7,407
Total Shareholders' equity	$ 111,136	$ 80,497	$ 58,041

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

(IN THOUSANDS)

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 23,124	$ 19,799	$ 6,963
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,804	6,076	4,011
Provision for doubtful accounts	15,998	7,398	5,761
Deferred income taxes and other	(6,492)	(4,010)	(3,908)
Cumulative effect of accounting change	2,350	--	--
Changes in operating assets and liabilities			
Accounts receivable	(44,230)	(36,281)	(21,279)
Workers' compensation deposits and credits	(1,994)	(1,880)	7,183
Prepaid expenses and other	(4,161)	(2,304)	(676)
Accounts payable	(1,714)	3,306	1,605
Accrued wages and benefits	987	3,492	1,035
Workers' compensation claims reserve	9,666	12,053	8,494
Income taxes	(2,473)	5,715	2,121
Net cash provided by (used in) operating activities	(4,135)	13,364	11,310
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(12,358)	(9,292)	(3,847)
Restricted cash	(1,876)	(15)	1,579
Intangible assets and other	--	143	(2,595)
Net cash used in investing activities	(14,234)	(9,164)	(4,863)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Short term borrowings, net	6,684	--	(1,139)
Payments on capital leases and longterm debt	(936)	(654)	(13)
Proceeds from options and warrants exercised	3,899	1,672	280
Proceeds from sale of stock through employee benefit plans	1,063	838	375
Purchase and retirement of treasury stock	(1,444)	(1,916)	(1,395)

Preferred stock dividends paid	--	(86)	--
Net cash provided by (used in) financing activities	9,266	(146)	(1,892)
Effect of exchange rates on cash	8	(231)	(36)
Net increase (decrease) in cash and cash equivalents	(9,095)	3,823	4,519
CASH AND CASH EQUIVALENTS, beginning of year	25,940	22,117	17,598
CASH AND CASH EQUIVALENTS, end of year	$ 16,845	$ 25,940	$ 22,117

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

(IN THOUSANDS EXCEPT PER SHARE DATA)

ACCOUNTING POLICIES

BASIS OF PRESENTATION. Labor Ready, Inc. and its whollyowned subsidiaries (together, "the Company") provide temporary staffing for manual labor jobs to customers primarily in the industrial and small business markets from 687 offices located throughout the United States, Canada, United Kingdom and Puerto Rico. The Company provides services to a wide variety of customers, none of which individually comprise a significant portion of revenues within a geographic region or for the Company as a whole. The consolidated financial statements include the accounts of Labor Ready, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

REVENUE RECOGNITION. Revenue from the sale of services is recognized at the time the service is performed. A portion of the Company's income is derived from franchise and cash dispensing machine fees, which are insignificant, for all years presented.

COST OF SERVICES. Cost of services includes the wages of temporary workers, related payroll taxes, workers' compensation expenses and transportation.

CASH AND CASH EQUIVALENTS. The Company considers all highly liquid instruments purchased with a maturity of three months or less at date of purchase to be cash equivalents.

PROPERTY AND EQUIPMENT. Property and equipment are stated at cost. Depreciation is computed using the straightline method over the estimated useful lives of the respective assets, which are 31 to 39 years for buildings and improvements, 3 to 5 years for computers and software, 7 years for cash dispensing machines and 5 to 7 years for furniture and equipment.

INTANGIBLE ASSETS AND OTHER. Intangible and other assets consist primarily of acquired customer lists and noncompete agreements. Other intangible assets are stated at cost and are amortized using the straightline method over periods not exceeding ten years. Management evaluates, on an ongoing basis, the carrying value of intangible assets and makes a specific provision against the asset when an impairment is identified.

INCOME TAXES. Deferred income taxes are provided for temporary differences between the financial statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the temporary differences are expected to reverse. If it is more likely than not that some portion of a deferred tax asset will not be realized, a valuation allowance is recorded.

FOREIGN CURRENCY TRANSLATION. Cumulative translation adjustments relate to the Company's consolidated foreign subsidiaries, Labour Ready Temporary Services, Ltd. and Labour Ready Temporary Services United Kingdom, Ltd. Foreign currency translation is calculated by application of the current rate method and is included in the determination of consolidated shareholders' equity at the respective balance sheet dates.

(IN THOUSANDS EXCEPT PER SHARE DATA)

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS. In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101). This pronouncement summarizes certain views of the SEC staff in applying generally accepted accounting principles to revenue recognition. SAB 101 did not impact the Company's revenue recognition policies.

In the first quarter of 1999, the Company adopted the provisions of Statement of Position 985, "Reporting on the Costs of Startup Activities" (SOP 985"). SOP 985 establishes new rules for the financial reporting of startup costs, and requires the Company to expense the cost of establishing new dispatch offices as incurred and write off, as a cumulative effect of adopting SOP 985, any capitalized preopening costs in the first quarter of the year adopted. Prior to adopting SOP 985, preopening costs incurred to open new dispatch offices, including salaries, recruiting, testing, training, lease and other related costs, were capitalized and amortized using the straightline method over two years. The cumulative effect of adopting SOP 985 was to decrease net income by $1.5 million or $0.03 per common share.

In June 1998, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of the hedge transaction. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of SFAS No. 133." SFAS No. 137 deferred the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. Currently, the Company does not use derivative instruments; therefore the adoption of this statement should not have a material effect on the Company's results of operations or its financial position.

RECLASSIFICATIONS. Certain prior year amounts have been reclassified to conform with the current year presentation.

SUPPLEMENTAL CASH FLOW INFORMATION

Selected cash payments and noncash activities were as follows:

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Cash paid during the year for:			
Interest	$ 1,517	$ 813	$ 30
Income taxes	$24,192	$11,882	$ 7,979

NON-CASH INVESTING AND FINANCING

(IN THOUSANDS EXCEPT PER SHARE DATA)

ACTIVITIES:			
Common stock issued to employee benefit plans	$ 146	$ 116	$ 81
Preferred stock dividends accrued	$ 43	--	$ 43
Stock option income tax benefit	$ 3,886	$ 2,235	$ 51
Assets acquired with capital lease obligations	$ 2,877	$ 6,393	--

</TABLE>

WORKERS' COMPENSATION

The Company provides workers' compensation insurance to its temporary workers and regular employees. For workers' compensation claims originating in the majority of states (the 43 nonmonopolistic states), the Company has purchased a deductible insurance policy. Under terms of the policy, the Company's workers' compensation exposure is limited to a deductible amount per occurrence and a maximum aggregate stoploss limit. Should any single occurrence exceed the deductible amount per occurrence, all losses and expenses beyond the deductible amount are paid by independent insurance companies unrelated to the Company. Similarly, should the total of paid losses related to any one year period exceed the maximum aggregate stoploss limit for that year, all losses beyond the maximum aggregate stoploss limit are paid by independent insurance companies unrelated to the Company. In 1997, the per occurrence deductible amount was $250,000 per claim, to an aggregate maximum of $11.60 per $100 of temporary worker payroll, or $18.8 million. For claims arising in 1998 and 1999, the per occurrence deductible amount was increased to $350,000 and the maximum aggregate stoploss limit was reduced to $10.41 per $100 of temporary worker payroll, or $45.6 and $31.7 million for the years ended December 31, 1999 and 1998.

For claims arising in years prior to 1997, the Company has insured all losses beyond amounts reserved in its financial statements with independent insurance companies unrelated to the Company. The difference between the discounted maximum aggregate stoploss limit for claims arising in all periods prior to December 31, 1999 and the total of claims paid and reserved for in the Company's financial statements for the same periods is $10.1 million. This amount represents the discounted maximum additional exposure, net of tax, to the Company before its maximum aggregate stoploss limits are met.

The Company establishes its reserve for workers' compensation claims using actuarial estimates of the future cost of claims and related expenses that have been reported but not settled, and that have been incurred but not reported. Adjustments to the claims reserve are charged or credited to expense in the periods in which they occur. Included in the accompanying consolidated balance sheets as of December 31, 1999 and 1998, are workers' compensation claims reserves in the nonmonopolistic states of $34.7 million and $24.4, respectively. The claims reserves were computed using a discount rate of 6.0% at December 31, 1999 and 1998.

WORKERS' COMPENSATION (CONTINUED)

Workers' compensation expense totaling $38.2 million, $30.6 million and $19.2 million was recorded as a component of cost of services in each of the years ended December 31, 1999, 1998 and 1997, respectively.

For the 1997 and 1998 program years, the Company is required to provide collateral in the amount of the maximum aggregate stoploss limits, less claims paid to date. The Company provides approximately 50% of the required collateral in the form of a surety bond, and 50% in letters of credit. Accordingly, at December 31, 1999, $14.5 million of the collateral was satisfied with surety bonds and $15.1 million was satisfied with letters of credit for the 1997 and 1998 program years. Subsequent to year end, the letters of credit decreased by $2.5 million, which results in a new balance of $12.6 million.

For workers' compensation claims originating in Washington, Ohio and West Virginia (the monopolistic states), Canada and Puerto Rico, the Company pays workers' compensation insurance premiums as required by state administered programs. The insurance premiums are established by each jurisdiction, generally based upon the job classification of the insured workers and the previous claims experience of the Company. The Washington program provides for a retroactive adjustment of workers' compensation payments based upon actual claims experience. Upon adjustment, overpayments to the program are returned to the Company and underpayments, if any are assessed. At December 31, 1999 and 1998, the Company recorded workers' compensation credit receivables of $0.7 million and $1.4 million respectively, and workers' compensation liabilities of $0.6 million and $1.2 million respectively, related to the monopolistic states.

(IN THOUSANDS EXCEPT PER SHARE DATA)

In December 1998, the Company purchased a deductible insurance policy for the nonmonopolistic states covering the years ended 1999 and 2000. The policy includes substantially the same terms and limitations as the 1998 policy described above except that the Company is required to provide collateral in the amount of 60% of claims reserves. The collateral for the 1999 program will consist of 50% letters of credit and 50% surety bond. Accordingly, as of December 31, 1999, the Company has provided the insurance carrier with a letter of credit totaling $12.0 million and a surety bond for $12.6 million. During 2000, the total amount of the letters of credit and surety bonds for the 2000 program year will increase to approximately $20.0 million.

The Company has established a risk management department at its corporate headquarters to manage its insurers, third party claims administrators, and medical service providers. To reduce wageloss compensation claims, the Company employs claims coordinators throughout the United States. The claims coordinators manage the acceptance, processing and final resolution of claims and administer the Company's return to work program. Workers in the program are employed on customer assignments that require minimal physical exertion or within the Company in the local dispatch office. The Company has an online connection with its third party administrator that allows the claims coordinators to maintain visibility of all claims, manage their progress and generate required management information.

LINE OF CREDIT

In February 1999, the Company entered into a new line-of-credit agreement with U.S. Bank. This agreement allows the company to borrow up to the lesser of $60.0 million or 80% of eligible receivables as defined by the bank, with interest at the lesser of the bank's prime rate (8.50% at December 31, 1999) or the London InterBank Offering Rate plus 1.25%. The line-of-credit is secured primarily by the Company's accounts receivable and expires in June 2001. The line-of-credit agreement requires that the Company maintain minimum net worth and working capital amounts. The Company was in compliance with the requirements at December 31, 1999.

The Company is required by the workers' compensation program to collateralize a portion its workers' compensation liability with irrevocable letters of credit. At December 31, 1999, the Company had provided its insurance carriers with letters of credit totaling $27.1 million. The letters of credit bear fees of .75% per year and are supported by an equal amount of available borrowings on the line-of-credit. Accordingly, at December 31, 1999, no borrowings were outstanding on the line-of-credit, $27.1 million was committed by the letters of credit and $32.9 million was available for borrowing. Subsequent to year end, the Company decreased its letters of credit outstanding by $2.5 million.

During the years ended December 31, 1999 and 1998, short-term borrowing activity was as follows:

	DECEMBER 31, 1999	DECEMBER 31, 1998
Balance outstanding at year-end	$ --	$ --
Stated interest rate at year-end, including applicable fees	8.50%	7.75%
Maximum amount outstanding during the year	$20,124	$19,475
Average amount outstanding	$ 7,885	$ 5,486
Weighted average interest rate during the year, including applicable fees	8.18%	8.10%

The average amount outstanding and the weighted average interest rate during the year were computed based upon the average daily balances and rates.

(IN THOUSANDS EXCEPT PER SHARE DATA)

INCOME PER SHARE

Basic earnings per share is computed by dividing net income less preferred stock dividends by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net income less preferred stock dividends by the weighted average number of common shares and common stock equivalents outstanding during the year. Common stock equivalents for the Company include the dilutive effect of outstanding options. In October 1997, May 1998 and June 1999, the Company declared three-for-two stock splits which have each been retroactively applied in the determination of weighted average shares outstanding.

INCOME PER SHARE (CONTINUED)

Basic and diluted earnings per share were calculated as follows:

<TABLE>

<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Basic:			
Income before cumulative effect of accounting change	$ 24,577	$ 19,799	$ 6,963
Less preferred stock dividends	43	43	43
Income before cumulative effect of accounting change available to common shareholders	24,534	19,756	6,920
Cumulative effect of accounting change	(1,453)	--	--
Income available to common shareholders	$ 23,081	$ 19,756	$ 6,920
Weighted average shares outstanding	45,521	41,694	41,504
Income before cumulative effect of accounting change per share	$ 0.57	$ 0.47	$ 0.17
Cumulative effect of accounting change, net ..	(0.03)	--	--
Income per share	$ 0.54	$ 0.47	$ 0.17
Diluted:			
Income available to common shareholders	$ 23,081	$ 19,756	$ 6,920
Weighted average shares outstanding	42,521	41,694	41,504
Plus options to purchase common stock outstanding at end of year	3,525	3,273	3,050
Less shares assumed repurchased	(2,590)	(1,968)	(2,303)
Weighted average shares outstanding, including including dilutive effect of options	43,456	42,999	42,251
Income before cumulative effect of accounting change per share	$ 0.56	$ 0.46	0.16
Cumulative effect of accounting change, net ..	(0.03)	--	--
Income per share	$ 0.53	$ 0.46	$ 0.16

</TABLE>

RELATED PARTY TRANSACTIONS

A member of the board of directors, is also a shareholder in a law firm that received approximately $0, $429 and $587 in payment for legal services performed for the Company in 1999, 1998 and 1997, respectively.

PREFERRED STOCK

The Company has authorized 20,000 shares of blank check preferred stock. The blank check preferred stock is issuable in one or more series, each with such designations, preferences, rights, qualifications, limitations and restrictions as the board of directors of the Company may determine and set forth in supplemental resolutions at the time of issuance, without further shareholder action.

The initial series of blank check preferred stock of the corporation authorized by the board of directors in accordance with the articles of incorporation, was designated as Series A preferred stock. At December 31, 1999 and 1998, the Company had 6,486 outstanding shares of $0.131 par value Series A preferred stock.

Each share of Series A preferred stock is entitled to one vote in all matters submitted to a vote of the shareholders of the Company. The Series A preferred stock will vote on par with the Common Shares as a single class unless the action being considered involves a change in the rights of the Series A preferred stock. The Series A preferred stock bears a cumulative annual dividend rate of five percent accrued on December 31 of each year, is redeemable at par value plus accumulated dividends at the option of the Company at any time after December 31, 1994, and contains an involuntary preferential liquidation distribution equivalent to the par value plus all accumulated dividends remaining unpaid.

In October 1997, May 1998, and June 1999 the board of directors authorized threefortwo preferred stock splits. These preferred stock splits were effected in the form of three shares of preferred stock issued for every two shares of preferred stock outstanding as of each date of declaration. All applicable share and per share data have been adjusted for the effect of the stock splits.

Pursuant to the Rights Plan discussed further in Note 8, 563 shares of preferred stock have been reserved for issuance under terms of the Plan.

A preferred stock dividend in the amount of $43 was accrued at December 31, 1999 and 1997 and paid in February 2000 and January 1998. The 1998 preferred stock dividend in the amount of $43 was paid December 31, 1998.

COMMON STOCK

In October 1997, May 1998 and June 1999, the Board of Directors authorized threefortwo common stock splits. These common stock splits were effected in the form of three shares of common stock issued for every two shares of common stock outstanding as of the date of declaration. All applicable share and per share data have been adjusted for the effect of each of these stock splits.

During 1999, 1998 and 1997, the Company repurchased 136, 159 and 516 shares of common stock on the open market for cash consideration of $1,444, $1,916 and $1,395, respectively. The repurchased shares were retired and are not available for reissuance. Excess acquisition cost over the average per share carrying value of common stock is charged to retained earnings.

COMMON STOCK (CONTINUED)

(IN THOUSANDS EXCEPT PER SHARE DATA)

In 1998, the board of directors adopted a Shareholders Rights Plan ("the Rights Plan") and declared a dividend distribution of one right for each outstanding share of the Company's common stock. Under the terms of the Rights Plan, each Right entitles the holder to purchase one onehundredth of a share of the Series A preferred stock at an exercise price of $75.37. The rights are exerciseable a specified number of days following (1) the acquisition by a person or group of persons of 15% or more of the Company's common stock, or (2) the commencement of a tender or exchange offer for 15% or more of the Company's common stock. The Company has reserved 563 shares of the Series A Preferred stock for issuance upon exercise of the rights. The rights may be redeemed by the Company, subject to the approval of the board of directors, for $.01 cents per right in accordance with the provisions of the Rights Plan. If any group or person acquires 50% or more of the Company's common stock, the holders of the unredeemed rights (except for the acquiring group or person) may purchase for the exercise price, the number of common shares having a market value equal to two times the exercise price. The rights expire in January 2008, unless redeemed earlier by the Company.

INCOME TAXES

Temporary differences, which give rise to deferred tax assets and (liabilities) consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1999	DECEMBER 31, 1998
<S>	<C>	<C>
Allowance for doubtful accounts	$ 3,762	$ 1,587
Prepaid expenses	(1,222)	(456)
Workers' compensation	13,260	8,197
Net operating loss carryforwards	710	468
Depreciation and amortization expenses	(2,054)	(1,666)
Other, net	388	222
Net tax deferrals	$ 14,844	$ 8,352

</TABLE>

The Company has assessed its past earnings history and trends, budgeted sales, expiration dates of loss carryforwards, and its ability to implement tax planning strategies which are designed to accelerate or increase taxable income. Based on the results of this analysis, no valuation allowance on net deferred tax assets has been established for Labor Ready, Inc. as management believes that it is more likely than not that the net deferred tax assets will be realized.

At December 31, 1999, Labour Ready Temporary Services, Limited and Labour Ready Temporary Services UK, Limited have federal net operating loss carryforwards of approximately $1.5 million and $0.3 million with expiration dates through 2006 and indefinite in the UK.

INCOME TAXES (CONTINUED)

Taxes on income consists of:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1999	1998	1997

Current:			
Federal	$ 18,350	$ 14,077	$ 7,603
State	3,098	3,510	1,788
Total Current	21,448	17,587	9,391
Deferred:			
Federal	(4,514)	(3,454)	(3,259)
State	(736)	(542)	(573)
Foreign	(345)	--	--
Total deferred	(5,595)	(3,996)	(3,832)
Total taxes on income, including $897 tax benefit of accounting change in 1999	$ 15,853	$ 13,591	$ 5,559

The differences between income taxes at the statutory federal income tax rate and income taxes reported in the consolidated income statement are as follows:

	YEAR ENDED DECEMBER 31,					
	1999		1998		1997	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Income tax expense based on statutory rate	$ 14,151	35	$ 11,686	35	$ 4,383	35
Increase (decrease) resulting from:						
State income taxes, net of federal	1,536	4	1,740	5	697	6
Prior year amounts	--	--	--	--	487	4
Other, net	166	--	165	1	(8)	(1)
Total taxes on income	$ 15,853	39	$ 13,591	41	$ 5,559	44

COMMITMENTS AND CONTINGENCIES

The Company leases substantially all of its dispatch offices. These leases generally provide for termination on 60 days notice and upon payment of three months rent. Certain of these leases have 1 year minimum terms and are cancelable thereafter upon 30 days notice and the payment of three months rent. Many leases require additional payments for taxes, insurance, maintenance and renewal options. Minimum lease commitments under terms of the leases at December 31, 1999 total approximately $4.2 million, substantially all of which would be payable in 2000. Rent expense for the years ended December 31, 1999, 1998 and 1997 was $13.6 million, $9.0 million and $5.0 million, respectively.

COMMITMENTS AND CONTINGENCIES (CONTINUED)

In May of 1999, the Company entered a purchase and sale agreement to purchase a 157,000 square foot office building with an attached parking garage in downtown Tacoma, Washington. The aggregate purchase price of the building, parking garage and estimated tenant improvements is approximately $11.5 million. The Company currently has $500,000 on deposit with a remaining balance of $11.0 million, which is due upon closing. The Company expects to move its corporate headquarters and administrative offices to this building by the end of 2000.

The Company has entered into lease agreements for automated Cash Dispensing Machines ("CDM") for installation in the Company's dispatch offices. The leases, which are classified as capital leases, are payable over 72 and 84 months with imputed interest rates of 6.37% and 9.02% and are secured by the CDMs.

(IN THOUSANDS EXCEPT PER SHARE DATA)

Cost and accumulated amortization of the CDMs are as follows at December 31, 1999:

<TABLE>

Cash dispensing machines..................	$ 10,797
Less accumulated amortization.............	2,120
	$ 8,677

</TABLE>

Future minimum lease payments under capital leases together with the present value of the minimum lease payments as of December 31, 1999 are as follows:

<TABLE>

Year ended December 31:	
2000..................................	$ 1,735
2001..................................	1,735
2002..................................	1,735
2003..................................	1,735
2004..................................	1,735
Thereafter............................	507
Total minimum lease payments.............	9,182
Less imputed interest.....................	(1,414)
	$ 7,768

</TABLE>

The Company is, from time to time, involved in various lawsuits arising in the ordinary course of business. Although there can be no absolute assurance, in the opinion of management, these will not have a material effect on the Company's consolidated results of operations or financial condition.

RETIREMENT PLAN

Qualifying employees may participate in a company sponsored 401(k) plan ("the Plan") and may elect to contribute up to 15% of their annual compensation to the Plan. Matching contributions are made at the discretion of the Company's Board of Directors and have been made in the form of the Company's common stock. Employees are eligible to participate in the Plan the calendar quarter following the completion of six months of service. Employees are fully vested in matching contributions made to the Plan after completing five years of service. During 1999, 1998 and 1997, the Company issued 11, 14, and 20 shares of common stock to the participating employees. The amount charged to expense under the Plan was $220, $178 and $118 for the years ended December 31, 1999, 1998 and 1997, respectively.

VALUATION AND QUALIFYING ACCOUNTS

Allowance for doubtful accounts activity was as follows:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1999	1998	1997
Balance, beginning of year...................	$ 4,218	$ 2,851	$ 1,237
Charged to expense...........................	19,231	8,274	5,761
Writeoffs, net of recoveries................	(13,550)	(6,907)	(4,147)
Balance, end of year.........................	$ 9,899	$ 4,218	$ 2,851

(IN THOUSANDS EXCEPT PER SHARE DATA)

</TABLE>

EMPLOYEE STOCK PURCHASE PLAN

The Company has an Employee Stock Purchase Plan (the "ESPP") to provide substantially all employees who have completed six months of service and meet certain limited qualifications, relative to weekly total hours and calendar months worked, an opportunity to purchase shares of its common stock through payroll deductions. The ESPP permits payroll deductions up to 10% of eligible aftertax compensation. Participant account balances are used to purchase shares of common stock at the lesser of 85% of the fair market value of shares on either the first day or the last day of each month. The ESPP expires on June 30, 2001. 900 shares of common stock have been reserved for purchase under the ESPP. During 1999, 1998 and 1997, participants purchased 98, 84 and 119 shares in the plan for cash proceeds of $1,063, $838 and $375, respectively.

STOCK COMPENSATION PLANS

In June 1996, the Company adopted the 1996 Employee Stock Option and Incentive Plan (the "Plan"). In accounting for the Plan, the Company applied APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations. Under APB Opinion No. 25, because the exercise price of the Company's employee stock options is not less than the market price of the underlying stock at the date of grant, no compensation cost is recognized.

The Plan states that the exercise price of each option may or may not be granted at an amount that equals the market value at the date of grant. The majority of the options vest evenly over a four year period from the date of grant and then expire if not exercised within five years from the date of grant. 4,838 shares of common stock have been reserved for issuance under terms of the Plan.

Statement of Financial Accounting Standards No. 123, "Accounting for StockBased Compensation", requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS No. 123. The fair value of option grants is estimated on the date of grant utilizing the BlackScholes option pricing model with the following weighted average assumptions for grants in 1999, 1998 and 1997, respectively: expected life of options of 5 years, expected volatility of 89%, 88%, and 67%, riskfree interest rates of 5.5%, 5.0% and 6.0%, and a 0% dividend yield.

STOCK COMPENSATION PLANS (CONTINUED)

Under the provisions of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Net Income			
As reported	$ 23,124	$ 19,799	$ 6,963
Pro forma .	$ 18,800	$ 16,401	$ 6,159
Pro forma earnings per share			
Basic	$ 0.44	$ 0.39	$ 0.15
Diluted ...	$ 0.43	$ 0.38	$ 0.15

</TABLE>

The following table summarizes stock option activity:

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,

1999 1998 1997

(IN THOUSANDS EXCEPT PER SHARE DATA)

	Shares	Price (1)	Shares	Price (1)	Shares	Price (1)
<S>	<C>	<C>	<C>	<C>		<C>
Outstanding at beginning of year.....	3,267	$ 7.32	3,049	$ 4.65	1,406	$ 3.62
Granted.............................	2,118	$ 14.91	1,173	$ 12.96	1,914	$ 5.54
Exercised...........................	(868)	$ 4.66	(421)	$ 3.36	(110)	$ 2.57
Canceled............................	(992)	$ 10.94	(534)	$ 8.73	(161)	$ 3.35
Outstanding at end of year...........	3,525	$ 10.85	3,267	$ 7.32	3,049	$ 4.65
Exercisable at end of year...........	996	$ 7.58	858	$ 4.42	716	$ 3.10
Weighted average fair value of options ganted...............................		$ 10.37		$ 9.39		$ 5.24

</TABLE>

(1) Weighted average exercise price.

At December 31, 1999, 758 shares of the Company's common stock were available for future grant under the Company's stock option plan.

STOCK COMPENSATION PLANS (CONTINUED)

Information relating to stock options outstanding and exercisable at December 31, 1999 is as follows:

<TABLE>
<CAPTION>

		OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
RANGE OF PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
<S> <C>	<C>	<C>	<C>	<C>	<C>
$1.47- 7.00	843	2.17	3.85	396	3.84
7.01-14.00	1,510	3.31	10.23	559	9.59
14.01-20.63	1,172	4.13	16.67	41	16.32
$1.47-20.63	3,525	3.31	$10.85	996	$7.58

</TABLE>

Exhibit 10.2

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement is made and entered into by and between Labor Ready, Inc., a Washington corporation, including its subsidiaries ("Company") and Glenn A. Welstad ("Executive").

RECITALS

WHEREAS, Executive has been serving as Chairman, Chief Executive Officer and President of the Company;

WHEREAS, Company believes that Executive's proven abilities, experience, knowledge of corporate affairs, reputation and vision are of great value to Company's future growth and profits; and

WHEREAS, Company wishes to continue to employ Executive and Executive is willing to continue to be employed by Company; and

WHEREAS, the Company's Board of Directors has elected Executive to the offices of Chairman, Chief Executive Officer and President of the Company;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Company and Executive agree as follows:

1. EMPLOYMENT. The Company agrees to and hereby does employ Executive, and Executive agrees to and hereby agrees to continue in the employment of the Company, subject to the supervision and direction of the Board of Directors. Executive's employment shall be for a period commencing on January 1, 1999 and ending on December 31, 2003, unless such period is extended by written agreement of the parties or is sooner terminated pursuant to the provisions of Paragraphs 4, 10 or 11.

2. DUTIES OF EXECUTIVE. Executive agrees to devote the necessary time, attention, skill, and efforts to the performance of his duties as Chairman, Chief Executive Officer and President of the Company and such other duties as may be assigned by the Board of Directors in their discretion.

3. COMPENSATION.

(a) Executive's initial salary shall be at the rate of Five Hundred Thousand and No/100 Dollars ($500,000) per year, payable not less frequently than monthly, from January 1, 1999 , until changed by the Board of Directors as provided herein.

(b) Company, acting through its Board of Directors, may (but shall not be required to) increase, but may not decrease, Executive's compensation and award to Executive such bonuses as the board may see fit, in its sole and unrestricted discretion, commensurate with Executive's performance and the overall performance of the Company.

4. FAILURE TO PAY EXECUTIVE. The failure of Company to pay Executive his salary as provided in Paragraph 3 may, in Executive's sole discretion, be deemed a breach of this Agreement and, unless such breach is cured within fifteen days after written notice to Company, this Agreement shall terminate. Executive's claims against Company arising out of the nonpayment shall survive termination of this Agreement.

5. REIMBURSEMENT FOR EXPENSES. Company shall reimburse Executive for reasonable out-of-pocket expenses that Executive shall incur in connection with his services for Company contemplated by this Agreement, on presentation by Executive of appropriate vouchers and receipts for such expenses to Company. At times it may be in the best interests of the Company for Executive's spouse to accompany him on such business travel. On such occasions Company shall reimburse Executive for reasonable out-of-pocket expenses incurred for his spouse. Such occasions shall be determined by guidelines established by the Board of Directors, or in the absence of such guidelines, by Executive's sound discretion.

6. CHANGE IN OWNERSHIP OR CONTROL. In the event of a change in the ownership of Company, effective control of Company, or the ownership of a substantial portion of Company's assets, all unvested stock options shall immediately vest.

7. LIABILITY INSURANCE AND INDEMNIFICATION. The Company shall procure and maintain throughout the term of this Agreement a policy or policies of liability insurance for the protection and benefit of directors and officers of the Company. Such insurance shall have a combined limit of not less than $10,000,000.00 and may have a deductible of not more than $100,000.00. To the fullest extent permitted by law, Company shall indemnify and hold harmless Executive for any and all lost, cost, damage and expense including attorneys' fees and court costs incurred or sustained by Executive, arising out of the proper discharge by Executive of his duties hereunder in good faith.

8. BENEFITS. Executive shall be entitled to all benefits offered generally to employees of Company. Nothing in this Agreement shall be construed as limiting or restricting any benefit to Executive under any pension, profit-sharing or similar retirement plan, or under any group life or group health or accident or other plan of the Company, for the benefit of its employees generally or a group of them, now or hereafter in existence.

9. SPLIT DOLLAR LIFE INSURANCE PLAN. Executive and his spouse have established an irrevocable trust, The Welstad Irrevocable Trust No. 1, that will be the owner and beneficiary of life insurance on the life of the Executive and his spouse. The Company agrees to pay a portion of the premiums due on this life insurance policy as an additional employment benefit to Executive. With respect to this insurance plan, Executive and Company agree:

(a) The Welstad Irrevocable Trust No. 1 shall be the owner of the life insurance policy and will possess all incidents of ownership in the policy. The Company shall have a portion of the cash value and death benefit of the life insurance policy collaterally assigned to it by the trustee of The Welstad Irrevocable Trust No. 1 in order to secure repayment of the amounts which the Company will pay toward the premiums on the policy.

(b) The Company shall pay its share of the premium when due. The Company's share of the policy premium shall be $166,611 annually for a period of ten (10) years from the date of this agreement.

(c) In the event of a termination of this Agreement under Section 10 (a) or 11 (b) of this Agreement, the Split Dollar Agreement shall provide that The Welstad Irrevocable Trust No. 1 shall repay the Company at any time within the term of this Agreement an amount equal to the Company's share of the premiums paid.

(d) Notwithstanding anything else in this Agreement to the contrary, the Company's obligation to share in the payment of the policy premium described in paragraph (b) above will survive termination of this Agreement for any reason other than a termination pursuant to Section 10 (a) or 11 (b).

10. TERMINATION BY COMPANY. Company may terminate this Agreement under either of the following circumstances:

(a) This Agreement may be terminated for cause at any time upon thirty (30) days written notice to Executive. Cause shall exist if Executive is guilty of dishonesty, gross neglect of duty hereunder, or other act or omission which impairs Company's ability to conduct its ordinary business in its usual manner. The notice of termination shall specify with particularity the actions or inactions constituting such cause. In the event of termination under this section, Company shall pay Executive all amounts due hereunder which are then accrued but unpaid within thirty (30) days after Executive's last day of employment.

(b) In the event that Executive shall, during the term of his employment hereunder, fail to perform his duties as the result of illness or other incapacity and such illness or other incapacity shall continue for a period of more than six months, the Company shall have the right, by written notice either personally delivered or sent by certified mail, to terminate Executive's employment hereunder as of a date (not less than 30 days after the date of the sending of such notice) to be specified in such notice.

11. TERMINATION BY EXECUTIVE. Executive may terminate this Agreement under either of the following circumstances:

(a) If Company shall cease conducting its business, take any action looking toward its dissolution or liquidation, make an assignment for the benefit of its creditors, admit in writing its inability to pay its debts as they become due, file a voluntary petition or be the subject of an involuntary petition in bankruptcy, or be the subject of any state or federal insolvency proceeding of any kind, then Executive may, in his sole discretion, by written notice to Company, terminate his employment and Company hereby consents to the release of Executive under such circumstances and agrees that if Company ceases to operate or to exist as a result of such event, the non-competition and other provisions of Paragraph 15 of this Agreement shall terminate.

(b) Executive shall have the right to terminate this Agreement at anytime and for any reason upon giving three (3) months written notice to Company.

12. COMMUNICATIONS TO COMPANY. Executive shall communicate and channel to Company all knowledge, business, and customer contacts and any other matters of information that could concern or be in any way beneficial to the business of Company, whether acquired by Executive before or during the term of this Agreement; provided, however, that nothing under this Agreement shall be construed as requiring such communications where the information is lawfully protected from disclosure as a trade secret of a third party.

13. BINDING EFFECT. This Agreement shall be binding on and shall inure to the benefit of any successor or successors of employer and the personal representatives of Executive.

14. CONFIDENTIAL INFORMATION.

(a) As the result of his duties, Executive will necessarily have access to some or all of the confidential information pertaining to Company's business. It is agreed that "Confidential Information" of Company includes:

(1) The ideas, methods, techniques, formats, specifications, procedures, designs, systems, processes, data and software products which are unique to Company;

(2) All customer, marketing, pricing and financial information pertaining to the business of Company;

(3) All operations, sales and training manuals;

(4) All other information now in existence or later developed which is similar to the foregoing; and

(5) All information which is marked as confidential or explained to be confidential or which, by its nature, is confidential.

(b) Executive understands that he will necessarily have access to some or all of the Confidential Information. Executive recognizes the importance of protecting the confidentiality and secrecy of the Confidential Information and, therefore, agrees to use his best efforts to protect the Confidential Information from unauthorized disclosure to other persons. Executive understands that protecting the Confidential Information from unauthorized disclosure is critically important to the success and competitive advantage of Company and that the unauthorized disclosure of the Confidential Information would greatly damage Company.

(c) Executive agrees not to disclose any Confidential Information to others or use any Confidential Information for his own benefit. Executive further agrees that upon request of the Chairman, President and Chief Executive Officer of Company, he shall immediately return all Confidential Information, including any copies of Confidential Information in his possession.

15. COVENANTS AGAINST COMPETITION. It is understood and agreed that the nature of the methods employed in Company's business is such that Executive will be placed in a close business and personal relationship with the customers of Company. Thus, during the term of this Executive Employment Agreement and for a period of two (2) years immediately following the termination of Executive's employment, for any reason whatsoever, so long as Company continues to carry on the same business, said Executive shall not, for any reason whatsoever, directly or indirectly, for him or on behalf of, or in conjunction with, any other person, persons, company, partnership, corporation or business entity:

(a) Call upon, divert, influence or solicit or attempt to call, divert, influence or solicit any customer or customers of Company;

(b) Divulge the names and addresses or any information concerning any customer of Company;

(c) Own, manage, operate, control, be employed by, participate in or be connected in any manner with the ownership, management, operation or control of the same, similar, or related line of business as that carried on by Company within a radius of twenty-five (25) miles from any then existing or proposed office of Company; and

(d) Make any public statement or announcement, or permit anyone else to make any public statement or announcement that Executive was formerly employed by or connected with Company.

The time period covered by the covenants contained herein shall not include any period(s) of violation of any covenant or any period(s) of time required for litigation to enforce any covenant. If the provisions set forth are determined to be too broad to be enforceable at law, then the area and/or length of time shall be reduced to such area and time and that shall be enforceable.

16. ENFORCEMENT OF COVENANTS.

(a) The covenants set forth herein on the part of Executive shall be construed as an agreement independent of any other provision in this Executive Employment Agreement and the existence of any claim or cause of action of Executive against Company, whether predicated on this Executive Employment Agreement or otherwise, shall not constitute a defense to the enforcement by Company of the covenants contained herein.

(b) Executive acknowledges that irreparable damage will result to Company in the event of the breach of any covenant contained herein and Executive agrees that in the event of any such breach, Company shall be entitled, in addition to any and all other legal or equitable remedies and damages, to a temporary and/or permanent injunction to restrain the violation thereof by Executive and all of the persons acting for or with Executive.

17. LAW TO GOVERN CONTRACT. It is agreed that this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Washington.

18. ARBITRATION. Company and Executive agree with each other that any claim of Executive arising out of or relating to this Agreement or the breach of this Agreement or Executive's employment by Company, including, without limitation, any claim for compensation due, wrongful termination and any claim alleging discrimination or harassment in any form shall be resolved by binding arbitration, except for claims in which injunctive relief is sought and obtained. The arbitration shall be administered by the American Arbitration Association under its Commercial Arbitration Rules at the American Arbitration Association Office nearest the place of employment. The award entered by the arbitrator shall be final and binding in all respects and judgment thereon may be entered in any Court having jurisdiction.

19. ENTIRE AGREEMENT. This Agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

20. MODIFICATION OF AGREEMENT. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

21. NO WAIVER. The failure of either party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

22. ATTORNEYS' FEES. In the event that any action is filed in relation to this Agreement, the unsuccessful party in the action shall pay to the successful party, in addition to all other required sums, a reasonable sum for the successful party's attorneys' fees.

23. NOTICES. Any notice provided for or concerning this Agreement shall be in writing and shall be deemed sufficiently given when personally delivered or when sent by certified or registered, return receipt requested mail if sent to the respective address of each party as set forth below, or such other address as each party shall designate by notice.

24. SURVIVAL OF CERTAIN TERMS. The terms and conditions set forth in Paragraphs 14, 15 and 16 of this Agreement shall survive termination of the remainder of this Agreement.

IN WITNESS WHEREOF, each party to this Agreement has caused it to be executed on the date indicated below.

EXECUTIVE:	COMPANY: Labor Ready, Inc., a Washington corporation
By:/s/______________________________ Glenn A. Welstad	By:/s/______________________________ Ronald L. Junck Executive Vice President

Date: JUNE 8, 1999 Date: JUNE 8, 1999

Exhibit 10.12

MASTER LEASE

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

MASTER LEASE NUMBER 46866 DATED AS OF APRIL 27, 1999

Name and Address of Lessee:
Labor Ready Southwest, Inc.
1016 S. 28th Street
Tacoma, WA 98409

MASTER LEASE PROVISIONS

1. LEASE. Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the personal property described in a Supplement or Supplements to this Master Lease from time to time signed by Lessor and Lessee upon the terms and conditions set forth herein and in the related Supplement (such property together with all replacements, repairs, and additions incorporated therein or affixed thereto being referred to herein as the "Equipment). The lease of the items described in a particular supplement shall be considered a separate lease pursuant to the terms of the Master Lease and the Supplement the same as if a single lease agreement containing such terms had been executed covering such items.

2. TERM. The term of this lease with respect to each item of Equipment shall begin on the date it is accepted by Lessee and shall continue for the number of consecutive months from the rent commencement date shown in the related Supplement (the "initial term) unless earlier terminated as provided herein or unless extended automatically as provided below in this paragraph. The rent commencement date is the 15th day of the month in which all of the items of Equipment described in the related Supplement have been delivered and accepted by Lessee if such delivery and acceptance is completed on or before the 15th of such month, and the rent commencement date is the last day of such month if such delivery and acceptance is completed during the balance of such month. In the event Lessee executes the related Supplement prior to delivery and acceptance of all items of Equipment described therein, Lessee agrees that the rent commencement date maybe left blank when Lessee executes the related Supplement and hereby authorizes Lessor to insert the rent commencement date based upon the date appearing on the delivery and acceptance certificate signed by Lessee with respect to the last item of Equipment to be delivered.

AUTOMATIC EXTENSION. Lessee or Lessor may terminate this lease at the expiration of the initial term by giving the other at least 90 days prior written notice of termination. If neither Lessee nor Lessor gives such notice, then the term of this lease shall be extended automatically on the same rental and other terms set forth herein (except that in any event rent during any extended term shall be payable in the amounts and at the times provided in paragraph 3) for successive periods of one month until terminated by either Lessee or Lessor giving the other at least 90 days prior written notice of termination.

3. RENT Lessee shall pay as basic rent for the initial term of this lease the amount shown in the related Supplement as Total Basic Rent. The Total Basic Rent shall be payable in installments each in the amount of the basic rental payment set forth in the related Supplement plus sales and use tax thereon. Lessee shall pay advance installments and any security deposit, each as shown in the related Supplement, on the date it is executed by Lessee. Subsequent installments shall be payable on the first day of each rental payment period shown in the related Supplement beginning after the first rental payment period; provided, however, that Lessor and Lessee may agree to any other payment schedule, including irregular payments or balloon payments, in which event they shall be set forth in the space provided in the Supplement for additional provisions. If the actual cost of the Equipment is more or less than the Total Cost as shown in the Supplement, the amount of each installment of rent will be adjusted up or down to provide the same yield to Lessor as would have been obtained if the actual cost had been the same as the Total Cost. Adjustments of 10% or less may be made by written notice from Lessor to Lessee. Adjustments of more than 10% shall be made by execution of an amendment to the Supplement reflecting the change in Total Cost and rent.

During any extended term of this lease, basic rent shall be payable monthly in advance on the first day of each month during such extended term in the amount equal to the basic rental payment set forth in the related Supplement if rent is payable monthly during the initial term or in an amount equal to the monthly equivalent of the basic rental payment set forth in the related Supplement if rent is payable other than monthly during the initial term. In addition, Lessee shall pay any applicable sales and use tax on rent payable during any extended term.

In addition to basic rent, which is payable only from the rent commencement date as provided above, Lessee agrees to pay interim rent with respect to each separate item of Equipment covered by a particular Supplement from the date it is delivered and accepted to the rent commencement date at a daily rate equal to the percentage of Lessor's cost of such item specified in such Supplement. Interim rent accruing each calendar month shall be payable by the 10th day of the following month and in any event on the rent commencement date. Lessee agrees that if all of the items of Equipment covered by such Supplement have not been delivered and accepted thereunder before the date specified as the Cutoff Date in such Supplement, Lessee shall purchase from Lessor the items of Equipment then subject to the lease within five days after Lessor's request to do so for a price equal to Lessors cost of such items plus all accrued but unpaid interim rent thereon. Lessee shall also pay any applicable sales and use tax on such sale.

4. SECURITY DEPOSIT. Lessor may apply any security deposit toward any obligation of Lessee under this lease, and shall return any unapplied balance to Lessee without interest upon satisfaction of Lessee's obligations hereunder.

5. WARRANTIES. Lessee agrees that it has selected each item of Equipment based upon its own judgment and disclaims any reliance upon any statements or representations made by Lessor. LESSOR MAKES NO WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT Lessee agrees to make the rental and other payments required hereunder without regard to the condition of the equipment and to look only to persons other than Lessor such as the manufacturer, vendor or carrier thereof should any item of Equipment for any reason be defective. So long as no Event of Default has occurred and is continuing, Lessor agrees, to the extent they are assignable, to assign to Lessee, without any recourse to Lessor, any warranty received by Lessor.

6. TITLE. Title to the Equipment shall at all times remain in Lessor, and Lessee at its expense shall protect and defend the title of Lessor and keep it free of all claims and liens other than the rights of Lessee hereunder and claims and liens created by or arising through Lessor. The Equipment shall remain personal property regardless of its attachment to realty, and Lessee agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment as a result of its attachment to realty.

7. LAWS AND TAXES. Lessee shall comply with all laws and regulations relating to the Equipment and its use and shall promptly pay when due all sales, use, property, excise and other taxes and all license and registration fees now or hereafter imposed by any governmental body or agency upon the Equipment or its use or the rentals hereunder. Upon request by Lessor, Lessee shall prepare and file all tax returns relating to taxes for which Lessee is responsible hereunder which Lessee is permitted to file under the laws of the applicable taxing jurisdiction.

8. INDEMNITY. Lessee hereby indemnifies Lessor against and agrees to save Lessor harmless from any and all liability and expense arising out of the ordering, ownership, use, condition, or operation of each item of Equipment during the term of this lease, including liability for death or injury to persons, damage to property, strict liability under the laws or judicial decisions of any state or the United States, and legal expenses in defending any claim brought to enforce any such liability or expense.

9. ASSIGNMENT WITHOUT LESSORS PRIOR WRITTEN CONSENT, LESSEE WILL NOT SELL, ASSIGN, SUBLET, PLEDGE, OR OTHERWISE ENCUMBER OR PERMIT A LIEN ARISING THROUGH LESSEE TO EXIST ON OR AGAINST ANY INTEREST IN THIS LEASE OR THE EQUIPMENT, or remove the Equipment from its location referred to above. Lessor may assign its interest in this lease and sell or grant a security interest in all or any part of the Equipment without notice to or the consent of Lessee. Lessee agrees not to assert against any assignee of Lessor any claim or defense Lessee may have against Lessor.

10. INSPECTION. Lessor may inspect the Equipment at anytime and from time to time during regular business hours.

11. REPAIRS. Lessee will use the Equipment with due care and for the purpose for which it is intended. Lessee will maintain the Equipment in good repair, condition and working order and will furnish all parts and services required therefor, all at its expense, ordinary wear and tear excepted. Lessee shall, at its expense, make all modifications and improvements to the Equipment required by law, and shall not make other modifications or improvements to the Equipment without the prior written consent of Lessor. All parts, modifications and improvements to the Equipment shall, when installed or made, immediately become the property of Lessor and part of the Equipment for all purposes.

12. LOSS OR DAMAGE. In the event any item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of any item of Equipment, Lessee shall promptly pay Lessor the sum of (a) the amount of all rent and other amounts payable by Lessee hereunder with respect to such item due but unpaid at the date of such payment plus (b) the amount of all unpaid rent with respect to such item for the balance of the term of this lease not yet due at the time of such payment discounted from the respective dates installment payments would be due at the rate implicit in the schedule of rental payments when applied to the cost of such item plus (c) 10% of the cost of such item as shown in the related supplement. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, the rent with respect to such item shall terminate, and the basic rental payments on the remaining items shall be reduced accordingly. Lessee shall pay any sales and use taxes due on such transfer. Any insurance or condemnation proceeds received shall be credited to Lessee's obligation under this paragraph and Lessor shall be entitled to any surplus.

13. INSURANCE. Lessee shall obtain and maintain on or with respect to the Equipment at its own expense (a) liability insurance insuring against liability for bodily injury and property damage with a minimum limit of $500,000 combined single limit and (b) physical damage insurance insuring against loss or damage to the Equipment in an amount not less than the full replacement value of the Equipment. Lessee shall furnish Lessor with a certificate of insurance evidencing the issuance of a policy or policies to Lessee in at least the minimum amounts required herein naming Lessor as an additional insured thereunder for the liability coverage and as loss payee for the property damage coverage. Each such policy shall be in such form and with such insurers as may be satisfactory to Lessor, and shall contain a clause requiring the insurer to give to Lessor at least 10 days prior written notice of any alteration in the terms of such policy or the cancellation thereof, and a clause specifying that no action or misrepresentation by lessee shall invalidate such policy. Lessor shall be under no duty to ascertain the existence of or to examine any such policy or to advise Lessee in the event any such policy shall not comply with the requirements hereof

14. RETURN OF THE EQUIPMENT Upon the expiration or earlier termination of this lease, Lessee will immediately deliver the Equipment to Lessor in the same condition as when delivered to Lessee, ordinary wear and tear excepted at such location within the continental United States as Lessor shall designate. Lessee shall pay all transportation and other expenses relating to such delivery.

15. ADDITIONAL ACTION. Lessee will promptly execute and deliver to Lessor such further documents and take such further action as Lessor may request in order to carry out more effectively the intent and purpose of this lease, including the execution and delivery of appropriate financing statements to protect fully Lessors interest hereunder in accordance with the Uniform Commercial Code or other applicable law Lessee will furnish from time to time on request, a copy of Lessee's latest annual balance sheet and income statement.

16. LATE CHARGES. If any installment of interim rent or basic rent is not paid when due, Lessor may impose a late charge of up to 5% of the amount of the installment but in any event not more than permitted by applicable law. Payments thereafter received shall be applied first to delinquent installments and then to current installments.

17. DEFAULT Each of the following events shall constitute an "Event of Default" hereunder: (a) Lessee shall fail to pay when due any installment of interim rent or basic rent; (b) Lessee shall fail to observe or perform any other agreement to be observed or performed by Lessee hereunder and the continuance thereof for 10 calendar days following written notice thereof by Lessor to Lessee; (c) Lessee or any guarantor of this lease or any partner of Lessee if Lessee is a partnership shall cease doing business as a going concern or make an assignment for the benefit of creditors; (d) Lessee or any guarantor of this lease or any partner of Lessee if Lessee is a partnership shall voluntarily file, or have filed against it involuntarily, a petition for liquidation, reorganization, adjustment of debt, or similar relief under the federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver, or liquidator shall be appointed of it or of all or a substantial part of its assets; (e) any individual Lessee, guarantor of this lease, or partner of Lessee if Lessee is a partnership shall die; (f) any financial or credit information submitted by or on behalf of Lessee shall prove to have been false or materially misleading when made; (g) an event of default shall occur under any other obligation Lessee owes to Lessor; (h) any indebtedness Lessee may now or hereafter owe to any affiliate of Lessor shall be accelerated following a default thereunder or, if any such indebtedness is payable on demand, payment thereof shall be demanded; (i) if Lessee is a corporation, more than 50% of the shares of voting stock of Lessee shall become owned by a shareholder or shareholders who were not owners of voting stock of Lessee on the date this lease begins or, if Lessee is a partnership, more than 50% of the partnership interests in the Lessee shall become owned by a partner or partners who were not partners of Lessee on the date this lease begins; and 6) Lessee shall consolidate with or merge into, or sell or lease all or

substantially all of its assets to, any individual, corporation, or other entity.

18. REMEDIES. Lessor and Lessee agree that Lessor's damages suffered by reason of an Event of Default are uncertain and not capable of exact measurement at the time this lease is executed because the value of the equipment at the expiration of this lease is uncertain, and therefore they agree that for purposes of this paragraph 18 "Lessor's Loss" as of any date shall be the sum of the following: (1) the amount of all rent and other amounts payable by Lessee hereunder due but unpaid as of such date plus (2) the amount of all unpaid rent for the balance of the term of this lease not yet due as of such date discounted from the respective dates installment payments would be due at the rate of 5% per annum plus (3) 10% of the cost of the equipment subject to this lease as of such date.

Upon the occurrence of an Event of Default and at any time thereafter, LESSOR may exercise any one or more of the remedies listed below as Lessor in its sole discretion may lawfully elect; provided, however, that upon the occurrence of an Event of Default specified in paragraph 17(d), an amount equal to Lessor's loss as of the date of such occurrence shall automatically become and be immediately due and payable without notice or demand of any kind.

a) Lessor may, by written notice to lessee, terminate this lease and declare an amount equal to Lessor's loss as of the date of such notice to be immediately due and payable, and the same shall thereupon be and become immediately due and payable without further notice or demand and all rights of Lessee to use the Equipment shall terminate but lessee shall be and remain liable as provided in this paragraph 18. Lessee shall at its expense promptly deliver the Equipment to Lessor at a location or locations within the continental United States designated by Lessor. Lessor may also enter upon the premises where the Equipment is located and take immediate possession of and remove the same with or without instituting legal proceedings.

b) Lessor may proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this lease or to recover, for breach of this lease, Lessor's Loss as of the date Lessor's Loss is declared due and payable hereunder; provided, however, that upon recovery of Lessors Loss from Lessee in any such action without having to repossess and dispose of the Equipment, Lessor shall transfer the Equipment to Lessee at its then location upon payment of any additional amount due under clauses (d) and (e) below.

c) In the event Lessor repossesses the Equipment, Lessor shall either retain the Equipment in full satisfaction of Lessee's obligation hereunder or sell or lease each item of equipment in such manner and upon such terms as Lessor may in its sole discretion determine. The proceeds of such sale or lease shall be applied to reimburse Lessor for Lessor's Loss and any additional amount due under clauses (d) and (e) below. Lessor shall be entitled to any surplus and Lessee shall remain liable for any deficiency. For purposes of this subparagraph, the proceeds of any lease of all or any part of the Equipment by Lessor shall be the amount reasonably assigned by Lessor as the cost of such Equipment in determining the rent under such lease.

d) Lessor may recover interest on the unpaid balance of Lessor's Loss from the date it becomes payable until fully paid at the rate of the Lesser of 8% per annum or the highest rate permitted by law.

e) Lessor may exercise any other right or remedy available to it bylaw or by agreement, and may in any event recover legal fees and other expenses incurred by reason of an Event of Default or the exercise of any remedy hereunder, including expenses of repossession, repair, storage, transportation, and disposition of the Equipment.

If any supplement is deemed at any time to be a lease intended as security, Lessee grants Lessor a security interest in the Equipment to secure its obligations under this lease and all other indebtedness at any time owing by Lessee to Lessor and agrees that upon the occurrence of an Event of Default, in addition to all of the other rights and remedies available to Lessor hereunder, Lessor shall have all of the rights and remedies of a secured party under the Uniform Commercial Code.

No remedy given in this paragraph is intended to be exclusive, and each shall be cumulative but only to the extent necessary to permit Lessor to recover amounts for which Lessee is liable hereunder no express or implied waiver by Lessor of any breach of Lessee's obligations hereunder shall constitute a waiver of any other breach of Lessee's obligations hereunder.

19. NOTICES. Any written notice hereunder to Lessee or Lessor shall be deemed to have been given when delivered personally or deposited in the United States mails, postage prepaid, addressed to recipient at its address set forth above or at such other address as may be last known to the sender.

20. NET LEASE AND UNCONDITIONAL OBLIGATION. This lease is a completely net lease and Lessees obligation to pay rent and amounts payable by Lessee under paragraphs 12 and 18 is unconditional and not subject to any abatement, reduction, setoff or defense of any kind.

21. NON-CANCELABLE LEASE. This lease cannot be canceled or terminated except as expressly provided herein.

22. SURVIVAL OF INDEMNITIES. Lessee's obligations under paragraphs 7, 8, and 18 shall survive termination or expiration of this lease.

23. COUNTERPARTS. There shall be but one counterpart of the Master Lease and of each Supplement and such counterpart will be marked "Original." To the extent that any Supplement constitutes chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in the Supplement marked "Original."

24. MISCELLANEOUS. This Master Lease and related Supplement(s) constitute the entire agreement between Lessor and Lessee and may be modified only by a written instrument signed by Lessor and Lessee. Any provision of this lease which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions of this lease, and any such unenforceability in any jurisdiction shall not render unenforceable such provision in any other jurisdiction. If this lease shall in all respects be governed by, and construed in accordance with, the substantive laws of the State of Minnesota. in the event there is more than one Lessee named herein or in any Supplement, the obligations of each shall be joint and several.

<TABLE>
<CAPTION>

<S>	<C>
Lessor: Wells Fargo Equipment Finance, Inc.	Labor Ready Southwest, Inc., Lessee
By___________________________________	By___________________________________
Title________________________________	Title________________________________
	MASTLEAS: SKS:04271999:1616:2117:46866-100:52036

</TABLE>

AMENDMENT TO
TO MASTER LEASE #46866 DATED APRIL 27, 1999 (THE "LEASE")
BETWEEN
LABOR READY SOUTHWEST, INC. ("LESSEE")
AND
WELLS FARGO EQUIPMENT FINANCE, INC. ("LESSOR")

Lessor and Lessee hereby mutually agree to amend the Lease as follows:

Paragraph 12 is amended by inserting in the second line after the phrase "shall promptly" the phrase "either (i) replace the Equipment with identical equipment and thereupon the replacement equipment shall be come the Equipment or (ii)".

Paragraph 12 is further amended by adding the following before the last sentence thereof: "If Lessee elects to replace the equipment, Lessee shall transfer to Lessor title to such replacement equipment, free and clear of any and all liens, claims and encumbrances."

Except as modified herein, the terms and conditions of the Lease remain the same.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment this ____ day of ______________________1999.

<TABLE>
<CAPTION>

<S>	<C>
Wells Fargo Equipment Finance, Inc.	Labor Ready Southwest, Inc.
By:__________________________________	By:__________________________________
Its:_________________________________	Its:_________________________________

</TABLE>

SUPPLEMENT TO MASTER LEASE
OPTION TO PURCHASE

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

Supplement Number 46866-100 Dated as of

April 27, 1999 to Master Lease Number
46866 Dated as of April 27, 1999

Name and Address of Lessee:
Labor Ready Southwest, Inc.
1016 S. 28th Street
Tacoma, WA 98409

This is a Supplement to the Master Lease identified above between Lessor and Lessee (The "Master Lease'). Upon the execution and delivery by Lessor and Lessee of this Supplement, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the Equipment described below upon the terms and conditions of this Supplement and the Master Lease. All terms and conditions of the Master Lease shall remain in full force and effect except to the extent modified by this Supplement. This Supplement and the Master Lease as it relates to this Supplement are hereinafter referred to as the "Lease".

EQUIPMENT DESCRIPTION:
(37) DIEBOLD 1064 IX FRONT LOAD CASH DISPENSERS
LOCATED AS MORE FULLY DESCRIBED ON EXHIBIT B

EQUIPMENT LOCATION: , ,

<TABLE>
<CAPTION>

<S>	<C>
SUMMARY OF PAYMENT TERMS	
INITIAL TERM IN MONTHS: 72	TOTAL COST: $512,501.80
PAYMENT FREQUENCY: MONTHLY	TOTAL BASIC RENT.- $532,757.52
BASIC RENTAL PAYMENT: $7,399.41 PLUS APPLICABLE SALES AND USE TAX	INTERIM RENT DAILY RATE: .048
NUMBER OF INSTALLMENTS: 72	INTERIM RENT CUTOFF DATE: MAY 31, 1999
ADVANCE PAYMENTS: FIRST DUE ON SIGNING THIS LEASE	SECURITY DEPOSIT. N/A

</TABLE>

END OF TERM OPTIONS:

1. Upon expiration of the initial term of the Lease and, provided that the Lease has not been terminated early and Lessee is in compliance with the Lease in all respects, then Lessee may exercise one of the following options:

   (i) purchase all but not less than all of the Equipment at the expiration of the initial term of the Lease for a purchase price of 20.00% of the original cost of the Equipment or the then Fair Market Value of the Equipment, whichever is greater, upon satisfaction of the following Conditions: (a) Lessee gives Lessor written notice at least 60 days but not more than 120 days before the expiration of the initial term of the Lease of Lessee's election to purchase the Equipment hereunder and (b) Lessee delivers a certified or cashiers check for the purchase price on or before the expiration of the initial term of the Lease. If there is a default in the Lease existing when the purchase price is received, Lessor may apply the funds received to cure the default. "Fair Market Value" of the Equipment for purposes of this paragraph shall bean amount determined according to this paragraph. Upon receipt of Lessee's notice of election to purchase the Equipment, Lessee and Lessor will attempt to agree on an amount during the next 30 days, and the amount so agreed upon shall be the Fair Market Value. In the event Lessor and Lessee cannot agree on an amount during such 30-day period, then each party shall choose an independent appraiser, and the two appraisers shall each determine the fair market value of the Equipment on the basis of an arm's-length sale between an informed and willing buyer (other than a buyer currently in possession) and an informed and willing seller under no compulsion to sell. The average of the amounts determined by the two appraisers shall be the fair market value. each party shall pay the expenses of the appraiser it chooses; or

   (ii) if the Lessee for any reason does not purchase the Equipment pursuant to and in accordance with the option granted in paragraph 1(i) (the "Option'), then Lessee shall on the expiration date of the initial term of the Lease be required to pay Lessor a rental of $8,757.78 per month payable monthly in advance as renewal rent for a renewal period of 12 months beginning at the expiration date of the initial term of the Lease, and the Lease shall be renewed and extended for such period on the same terms and conditions (other than the rent and the term). Upon expiration of such renewal period, Lessee shall return the Equipment in accordance with the Lease.

2. If on account of casualty or otherwise less than all of the Equipment is subject to the Lease at the expiration of the initial term of the Lease, then the option price under paragraph i (i) shall be computed with reference only to the items of Equipment then subject to the Lease, and the dollar figure for fixed rent in paragraph 1(ii) shall be reduced proportionately based on the proportion that the original cost of the remaining Equipment bears to the original cost of all Equipment.

3. If Lessee should give timely notice of election to purchase the Equipment as provided in paragraph 1 and fail to make timely payment of the purchase price, then Lessor may in its sole discretion, by written notice to Lessee, (a) treat the Equipment as purchased and enforce payment of the purchase price, or (b) declare a failure to meet the conditions of purchase whereupon the interest of Lessee in the Lease and the Equipment shall terminate automatically.

4. Following Lessor's receipt of the purchase price for the Equipment and upon request by Lessee, Lessor will deliver a bill of sale transferring the Equipment to Lessee. Lessor hereby warrants that at the time of transfer the Equipment will be free of all security interests and other liens created by or arising through Lessor. LESSOR MAKES NO OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT.

5. Lessee agrees to pay all sales and use taxes arising on account of any sale of the Equipment upon exercise of the Option.

6. Lessor and Lessee agree that the master lease is hereby amended by deleting the second paragraph of paragraph 2 (relating to automatic extension) and the second paragraph of paragraph 3 (relating to extended terms).

   In addition, paragraphs 12 and 18 (relating to casualty and default) are amended by changing "10%" where it appears therein to "20.00%"

7. Lessor makes no representations with respect to the income tax consequences of this Agreement.

<TABLE>
<CAPTION>

<S>	<C>
LESSOR. WELLS FARGO EQUIPMENT FINANCE, INC.	LABOR READY SOUTHWEST, INC., LESSEE
BY___________________________________	BY___________________________________
TITLE________________________________	TITLE________________________________
	SUP1STAM: SKS:04271999:1616:2117:46866-100:52036
_____________________________________ RENT COMMENCEMENT DATE	

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT B
EQUIPMENT LOCATION

<S>	<C>	<C>	<C>
2901 W. Thomas, Suite 2	Phoenix	AZ	85017
7137 E. 22nd Street	Tucson	AZ	85710
1638 University Ave.	Berkeley	CA	94703
750 St. Clair	Costa Mesa	CA	92626
11434 Old River School Rd.	Downey	CA	90241
2315 W. Colorado Blvd.	Eagle Rock	CA	90065
22404 Norwalk Blvd.	Hawaiian Gardens	CA	90716
677 W. Tennyson	Hayward	CA	94544
6379 Hollywood Blvd.	Hollywood	CA	90028
18582 Beach Blvd. Suite 2	Huntington Beach	CA	92647
1570-1580 La Habra Blvd.	La Habra	CA	90631
5873 Atlantic Ave.	Long Beach	CA	90805
2211 N. Broadway	Los Angeles	CA	90031
2498-2500 S. Figueroa	Los Angeles	CA	90007
8660 Foothills Blvd.	Los Angeles	CA	91040
1210 W. 16th Street	Merced	CA	95340
3330 McHenry Ave.	Modesto	CA	95350
1742-1744 E. Chapman Ave.	Orange	CA	92667
1638 W. Mission Blvd.	Pomona	CA	91766
18 Colton Ave.	Redlands	CA	92373
8810 E. Garvey Ave.	Rosemead	CA	91770
4740 Clairemont Mesa Blvd.	San Diego	CA	92117
3379 26th Street	San Francisco	CA	94110
4802 Mission St.	San Francisco	CA	94112
1423 Branham Lane	San Jose	CA	95118
450 S. Norfolk Street	San Mateo	CA	94401

2215 F S. Pacific Ave.	San Pedro	CA	90731
414 Martin Ave.	Santa Clara	CA	95050
917 N. Broadway	Santa Maria	CA	93458
2701 Firestone Blvd. Suite E	South Gate	CA	90280
5918 Pacific Ave.	Stockton	CA	95207
2089 Solano Ave.	Vallejo	CA	94590
324 E. Vista Way	Vista	CA	92084
2791-B Del Monte St.	West Sacramento	CA	95691
5020 E. Tropicana Ave. B9	Las Vegas	NV	89122
5243 W. Charlston, Suite 5	Las Vegas	NV	89102
4090 W. 5415 S. Suite 116	Kearns	UT	84118

</TABLE>

Labor Ready Southwest, Inc.

By___________________________________

Title________________________________

ADDENDUM TO EQUIPMENT LEASE
EARLY BUYOUT OPTION

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

Equipment Lease Number 46866-100 Dated as of April 27, 1999

Name and Address of Lessee:
Labor Ready Southwest, Inc.
1016 S. 28th Street
Tacoma, WA 98409

This Addendum is an addition to the Equipment Lease identified above between Lessee and Lessor (the "Lease"). All terms and conditions of the Lease shall remain in full force and effect except to the extent modified by this Addendum.

1. DEFINITIONS. The following terms shall have the following meanings:

   Option: the early buyout option granted in paragraph 2

   EBO Date:___________ (after payment number 60)
   EBO Price: 36.56% of the original cost to Lessor of the Equipment to be purchased upon exercise of the Option.

2. THE OPTION. Provided that the Lease has not been terminated before the EBO Date and no Event of Default under the Lease has occurred and is continuing on the EBO Date, then Lessee may, upon at least 30 days but not more than 90 days prior written notice to Lessor, purchase on the EBO Date all but not less than all of the Equipment subject to the Lease on the EBO Date for a purchase price equal to the EBO Price.

3. SALES TAX. Lessee shall pay any sales tax payable on the sale of the Equipment pursuant to the Option.

4. TRANSFER OF EQUIPMENT. If Lessee exercises the Option, and if on the EBO Date the conditions set forth in paragraph 2 are satisfied and Lessee pays the EBO Price plus the sales tax referred to in paragraph 3 plus all accrued but unpaid rent and any other amounts owing under the Lease, then on the EBO Date the Equipment shall be deemed transferred to Lessee at its then location. Upon request by Lessee, Lessor will deliver a bill of sale transferring the Equipment to Lessee. Lessor hereby warrants that at the time of transfer the Equipment will be free of all security interests and other liens created by or arising through Lessor.

5. TAX INDEMNITY. Lessor's loss of, or loss of the right to claim, or recapture of, all or any part of the federal or state income tax benefits Lessor anticipated as a result of entering into the Lease and owning the Equipment is referred to herein as a "Loss." If for any reason (including the existence of the Option) the Lease as in effect before the Option is exercised is not a true Lease for federal or state income tax purposes, or if for any reason (even though the Lease may be a true Lease) Lessor is not entitled to depreciate the Equipment for federal or state income tax purposes for the period before the option is exercised in the manner that Lessor anticipated when entering into the Lease, and as a result Lessor suffers a loss, then Lessee agrees to pay Lessor a lump-sum amount which, after the payment of all federal, state, and local income taxes on the receipt of such amount, and using the same assumptions as to tax benefits and other matters lessor used in originally evaluating and pricing the

Lease, will in the reasonable opinion of Lessor maintain Lessor's net after-tax rate of return with respect to the Lease at the same level it would have been if such loss had not occurred. The Lessor makes no representation with respect to the income tax consequences of the Lease, the option, or the Equipment Lessor will notify Lessee of any claim that may give rise to indemnity hereunder. Lessor shall make a reasonable effort to contest any such claim but shall have no obligation to contest such claim beyond the administrative level of the Internal Revenue Service or other taxing authority. In any event, Lessor shall control all aspects of any settlement and contest. Lessee agrees to pay the legal fees and other out-of-pocket expenses incurred by Lessor in defending any such claim even if Lessor's defense is successful.

Notwithstanding the foregoing, Lessee shall have no obligation to indemnify Lessor for any loss caused solely by (a) a casualty to the Equipment if Lessee pays the amount Lessee is required to pay as a result of such casualty, (b) Lessor's sale of the Equipment other than on account of an Event of Default Hereunder, (c) failure of Lessor to have sufficient income to utilize its anticipated tax benefits or to timely claim such tax benefits, and (d) a change in tax law (including tax rates) effective after the Lease begins.

For purposes of this paragraph 5, the term "Lessor" shall include any member of an affiliated group of which Lessor is (or may become) a member if consolidated tax returns are filed for such affiliated group for federal income tax purposes. Lessee's indemnity obligations under this paragraph 5 shall survive termination of the Lease and (if the Option is exercised) payment of all amounts owing under the Lease following exercise of the Option. Failure to pay indemnity as required by this paragraph may become an Event of Default under paragraph 17(b) of the Lease.

<TABLE>
<CAPTION>

<S>	<C>
LESSOR: WELLS FARGO EQUIPMENT FINANCE, INC.	LABOR READY SOUTHWEST, INC., LESSEE
BY___________________________________	BY___________________________________
TITLE________________________________	TITLE____________________________________
	EQAEBO: SKS:04271999:1617:2117:46866-100.52036

</TABLE>

April 27, 1999

Mr. Bob Sovern
Labor Ready Southwest, Inc.
1016 S. 28th Street
Tacoma, WA 98409

RE: Sales Tax/Property Tax for Master Lease #46866 dated April 27, 1999 and all Supplements thereto.

Dear Mr. Sovern:

By notice of this letter, Labor Ready Northwest, Inc. ("Labor Ready") hereby informs Wells Fargo Equipment Finance, Inc. ("WFEFI") that Labor Ready shall be completely and solely responsible for the collection and remittance, and all other processes, with regards to the sales/use tax and property tax, whether now or hereafter applicable, due and payable, with respect to the above referenced Lease Supplements.

Labor Ready hereby indemnifies and holds harmless WFEFI with respect to any and all taxes as referenced in Paragraph seven (7) of the Master Lease.

Sincerely,

Labor Ready Southwest, Inc.

By:___________________________________

Its:__________________________________

PAY PROCEEDS LETTER

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
633 17th Street, Third Floor
Denver, CO 80202

In reference to Contract Number 46866-100 dated as of April 27, 1999, Wells Fargo Equipment Finance, Inc. is irrevocably instructed to disburse payment as follows:

PAYEE	INVOICE NUMBER	AMOUNT
Diebold	Various	$512,501.80
TOTAL FINANCED		$512,501.80

Dated:________________________________

Labor Ready Southwest, Inc.

By:___________________________________

Its:__________________________________

CERTIFIED CORPORATE RESOLUTION

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

I hereby certify that i am the duly elected ________________________________ of LABOR READY SOUTHWEST, INC., (The "Corporation"), and that the following resolution is a true and correct copy of a resolution duly adopted by the board of directors of the Corporation in the following manner (check and complete one).

|_| in a writing dated _________________________ signed by all the directors.

|_| at a valid meeting of the directors held on______________________________.

"RESOLVED that the President, any Vice President, the Treasurer, the Secretary, or any other officer of this corporation be and s/he hereby is authorized to execute from time to time, on behalf of this corporation, leases, installment sale contracts, promissory notes, and security agreements, together with any and all related documents, in connection with equipment financing, any such documents in connection with such financing to be in such form and to contain such terms as the officer signing the same shall approve, his/her approval to be conclusively evidenced by his/her signature thereto."

Dated___________________________________

Signature_______________________________

Title___________________________________

CERTIFIED CORPORATE RESOLUTION
CORPORATE GUARANTOR

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

I hereby certify that I am the duly elected________________ of LABOR READY, INC., (the "Corporation"), and that the following resolution is a true and correct copy of a resolution duly adopted by the board of directors of the Corporation in the following manner (check and complete one).

|_| in a writing dated _________________________ signed by all the directors.

|_| at a valid meeting of the directors held on___________________.

"RESOLVED that the President, any Vice President, the Treasurer, the Secretary, or any other officer of this corporation be and s/he hereby is authorized to execute from time to time, on behalf of this corporation, guarantees of leases, installment sale contracts, and promissory notes executed by LABOR READY SOUTHWEST, INC. (the "Customer") in connection with equipment financing obtained by Customer from time to time from Wells Fargo Equipment Finance, Inc., any such guaranty to be in such form and to contain such terms as the officer signing the same shall approve, his/her approval to be conclusively evidenced by his/her signature thereto."

Dated___________________________________

Signature_______________________________

Title___________________________________

GUARANTY

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

To induce Wells Fargo Equipment Finance, Inc. ("Creditor,) From time to time to extend credit to or for the account of LABOR READY SOUTHWEST, INC., ("Debtor') by way of lease, loan, installment sale contract or any other means, the undersigned hereby agrees as follows:

1. The undersigned hereby absolutely and unconditionally guarantees to Creditor the full and prompt payment and performance when due of each and every debt, liability and obligation of every type and description that Debtor may now or in the future owe to Creditor whether absolute or contingent or primary or secondary (the "Obligations" and each an "Obligation').

2. The undersigned hereby waives (i) notice of the acceptance hereof by Creditor and of the creation and existence of the Obligations and (ii) any and all defenses otherwise available to guarantor or accommodation party.

3. This guaranty is absolute and unconditional, and the liability of the undersigned hereunder shall not be affected or impaired in any way by any of the following, each of which Creditor may agree to without notice to or the consent of the undersigned- (a) any extension or renewal of any Obligation whether or not for longer than the original period, (b) any change in the terms of payment or other terms of any Obligation or any collateral therefor, or any exchange, release of, or failure to obtain any collateral therefor, (c) any waiver or forbearance granted to Debtor or any other person liable with respect to any Obligation or any release of, compromise with, or failure to assert rights against Debtor or any such other person, (d) the application or failure to apply in any particular manner any payments or credits on the Obligations, and (e) the creation of Obligations from time to time.

4. This Guaranty shall continue in force and be binding upon the undersigned whether or not all the Obligations are paid in full until this Guaranty is revoked prospectively as to future transactions by written notice from the undersigned actually received by Creditor. Such revocation shall not be effective as to Obligations existing or committed for at the time of actual receipt of such notice or as to any renewals, extensions and refinancings thereof.

5. Creditor shall not be required before exercising and enforcing its rights under this Guaranty first to resort for payment of any Obligation to Debtor or to any other person or to any collateral. The undersigned agrees not to obtain reimbursement or payment from Debtor or any other person obligated with respect to any Obligation or from any collateral for any Obligation until all Obligations have been paid in full.

6. The undersigned shall be and remain liable for any deficiency following foreclosure of any mortgage or security interest securing any Obligation whether or not the liability of Debtor under such Obligation is discharged by such foreclosure.

7. If any payment applied to any Obligation is thereafter set aside, recovered, rescinded or required to be returned for any reason (including on account of a preference in the bankruptcy of Debtor), the Obligation to which such payment was applied shall for the purposes of this Guaranty be deemed to have continued in existence notwithstanding such application, and this Guaranty shall be enforceable as to such Obligation as fully as if such application had never been made.

8. The undersigned agrees to pay all costs, expenses and legal fees paid or incurred by Creditor in connection with enforcing any Obligation and this Guaranty.

9. This Guaranty shall be binding upon the estate, heirs, successors and assigns of the undersigned, and shall inure to the benefit of the

successors and assigns of Creditor.

Dated as of: April 27, 1999

LABOR READY, INC.

By___________________________________
Name (Please print or type)

Title________________________________

Principle place of business:

____

____

Phone:_______________________________

DELIVERY AND ACCEPTANCE CERTIFICATION

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

Supplement Number 46866-100 dated as of April 27, 1999 TO Master Lease Number 46866 dated as of April 27, 1999

Name and Address of Lessee:
Labor Ready Southwest, Inc.
1016 S. 28th Street
Tacoma, WA 98409

Equipment Description:
(37) Diebold 1064 IX Front Load Cash Dispensers
located as more fully described on Exhibit B

EQUIPMENT LOCATION: , ,

DELIVERY AND ACCEPTANCE CERTIFICATION:

All of the Equipment described above (the "Equipment") has been delivered to us pursuant to the Master Lease referred to above (the "Master Lease") and we hereby accept the Equipment as of the date set forth below and agree that the Equipment is now subject to the Master Lease.

Dated:___________________________________

Labor Ready Southwest, Inc.
____
Lessee

By_______________________________________

Title____________________________________

AUTHORIZATION FOR
AUTOMATIC PAYMENT PLAN

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

Here's how it works:

You authorize regularly scheduled payments to be made from your checking or savings account. Your payments will be made automatically on the contract due date as indicated on your monthly invoice. Proof of payment will appear with your bank statement.

The authority you give to charge your account will be effective for all current and future contracts with Wells Fargo Equipment Finance, Inc. ("Creditor') and will remain in effect until you notify us or your bank in writing to terminate the authorization.

PLEASE MAKE YOUR REGULAR PAYMENT UNTIL YOUR MONTHLY INVOICE INDICATES THAT THE AUTOMATIC PAYMENT PLAN IS IN EFFECT.

I authorize Creditor and the bank named below to initiate variable entries to my checking/savings account. This authority will remain in effect until I notify Creditor or the bank in writing to cancel it in such time as to afford the bank a reasonable opportunity to act on it. I can stop payment of any entry by notifying Creditor or my bank three days before my account is charged. I can have the amount of an erroneous charge immediately credited to my account up to 15 days following issuance of my bank statement or 46 days after posting, whichever occurs first.

<TABLE>
<CAPTION>

<S>	<C>
LABOR READY SOUTHWEST, INC. ____ Company Name	
1016 S. 28TH STREET TACOMA, WA 98409 ____ Company Address	
Authorized Signature and Title______________________	Date___________________________________
Bank Name____	City______________State________________
Checking Account Number_____________________________	Savings Account Number_________________
Bank Routing Number (located between the symbols :000000000: on the bottom of your check)	

</TABLE>

PLEASE ATTACH A VOIDED CHECK OR DEPOSIT SLIP

FOR OFFICE USE ONLY

CCAN NUMBER 10046866 Payment Due Date(s)

_______________________ _______________________ _______________________

INSURANCE

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048
PH. 800-322-6220

* * * VERIFICATION OF INSURANCE COVERAGE MUST BE OBTAINED PRIOR TO FUNDING * * *

Name and Address of Lessee:
Labor Ready Southwest, Inc.
1016 S. 28th STREET
Tacoma, WA 98409

Equipment Description:
(37) Diebold 1064 IX Front Load Cash Dispensers
Located as more fully described on Exhibit B
Equipment Location: , ,

Please complete, sign and return this form along with your lease documents and also contact your agent to have a certificate of insurance faxed to the attention of Shannon K. Sullivan at 303-293-5555. If a certificate has not been received by the time all other requirements for funding have been met, Wells Fargo Equipment Finance, Inc. will contact your agent directly to request a certificate of insurance as authorized below. in accordance with the provisions of your lease, insurance coverage is required as follows:

1. PROPERTY INSURANCE is required against the loss, theft of or damage to the equipment.
   - The minimum amount of coverage required is $512,501.80
   - Wells Fargo Equipment Finance, Inc., its successors and assigns ("lessor"), must be named as Loss Payee.

2. COMMERCIAL GENERAL LIABILITY INSURANCE is required for bodily injury and property damage.
   - The minimum amount of coverage required is $500,000.00 for each occurrence and $500,000.00 aggregate.

- Wells Fargo Equipment Finance, Inc., its successors and assigns ("Lessor), must be named as an additional insured.

3. The Property and General Liability policies (the "Policy"), as to the interest of Lessor, shall not be invalidated by any act of omission or commission or neglect or misconduct of Lessee at any time, nor by any foreclosure or other proceeding or notice of sale relating to the insured property, nor by any change in the title or ownership thereof or the occupation of the premises for purposes more hazardous than are permitted by the Policy, provided, that in case lessee shall fail to pay any premium due under the Policy, Lessor may, at its option, pay such premium.

4. The Policy may be canceled at any time by either insurer or Lessee according to its provisions, but in any such case the Policy shall continue in full force and effect for the exclusive benefit of Lessor for ten days after written notice to Lessor of such cancellation and shall then cease.

By signing below Lessee hereby authorizes its agent to adjust its insurance coverage to comply with the above requirements and to forward a certificate of insurance evidencing such coverage to Lessor.

Acknowledged and Agreed:

Authorized Signature:_________________________________ Dated.________________

LESSEE TO COMPLETE THE FOLLOWING:___________________________

<TABLE>
<CAPTION>

Property insurance

INSURANCE COMPANY		POLICY NUMBER
<S>	<C>	<C>
EFFECTIVE DATE	EXPIRATION DATE	LIMIT $
AGENCY NAME		AGENT NAME
AGENCY ADDRESS		
PHONE NUMBER		FAX NUMBER
LIABILITY INSURANCE (IF DIFFERENT THAN PROPERTY INSURANCE)		
INSURANCE COMPANY	POLICY NUMBER	
EFFECTIVE DATE	EXPIRATION DATE LIMIT $	
AGENCY NAME		AGENT NAME
AGENCY ADDRESS		
PHONE NUMBER		FAX NUMBER

</TABLE>

ADDITIONAL INFORMATION
TAX STATUS, BILLING ADDRESS
AND EQUIPMENT LOCATION

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 300
733 Marquette Avenue
Minneapolis, MN 55479-2048

CONTRACT NUMBER 46866-100 DATED AS OF APRIL 27, 1999

Name and Address of Lessee:
Labor Ready Southwest, Inc.
1016 S. 28th Street
Tacoma, WA 98409

Equipment Description:
(37) Diebold 1064 IX Front Load Cash Dispensers
Located as more fully described on Exhibit B

Equipment Location: , ,

Billing Address: Labor Ready Southwest, Inc., Attn: Accounts Payable,
1016 S. 28th Street, Tacoma, WA 98409

CUSTOMER IS REQUIRED TO COMPLETE ALL SHADED AREAS.

TAX STATUS:

1. SALES/USE TAX: (check one)

|_| Subject to sales and use tax. (TAX WILL BE CHARGED BASED ON THE STATE IN WHICH THE EQUIPMENT IS LOCATED.)

|_| Exempt from sales and use tax, for the following reason:
- |_| Exemption Certificate attached
- |_| Valid Certificate already on file with Wells Fargo Equipment Finance, Inc.

2. PERSONAL PROPERTY TAX: If the Equipment is located in a state or locality that requires reporting of the Equipment on a personal property tax return, Wells Fargo Equipment Finance, Inc. will report the equipment

BILLING ADDRESS:

|_|The billing address stated above is correct.

|_|Change the billing address as stated below:

EQUIPMENT LOCATION:

|_|The equipment will be located at the Equipment location stated above or on the Schedule A.

|_|The Equipment will be located at:

(If multiple locations, attach a list indicating by piece of equipment in which City, State, and County each piece of equipment is located.)

ACKNOWLEDGED.

(Authorized Signature)_______________________________

STATE OF WASHINGTON -UCC-1

THIS UCC-1 FINANCING STATEMENT IS PRESENTED FOR FILING PURSUANT TO THE WASHINGTON UNIFORM COMMERCIAL CODE, CHAPTER 62A.9 RCW, TO PERFECT A SECURITY INTEREST IN THE BELOW NAMED COLLATERAL.

PLEASE TYPE FORM FILING FEE: $12.00.

---

1. DEBTOR(S) (SEE INSTRUCTION #2
|_| PERSONAL (last, first, middle name and address)
|_| BUSINESS (LEGAL BUSINESS NAME AND ADDRESS)
LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

TRADE NAME, DBA, AKA:

---

2. FOR OFFICE USE ONLY

---

3. SECURED PARTY(IES) (NAME AND ADDRESS
WELLS FARGO EQUIPMENT FINANCE, INC.
733 MARQUETTE AVE., THIRD FLOOR
MINNEAPOLIS, MN 55402

---

4. ASSIGNEE(S) of SECURED PARTY(IES) if applicable (NAME AND ADDRESS)

---

5. SECURED PARTY CONTACT PERSON: Phone:

---

6. CHECK ONLY IF APPLICABLE: (FOR DEFINITIONS OF TRANSMITTING UTILITY AND PRODUCTS OF COLLATERAL, SEE INSTRUCTION SHEET.)
|_| Debtor is a Transmitting Utility |_| Products of Collateral are also covered

---

7. THIS FINANCING STATEMENT covers the following collateral: (ATTACH ADDITIONAL 8-1/2" X 11" SHEET(S) IF NEEDED.) (37) Diebold 1064 IX Front Load Cash Dispensers located as more fully described on Exhibit B.

THIS TRANSACTION IS INTENDED TO BE A TRUE LEASE AND NOT A SECURITY TRANSACTION AND THE FILING OF THIS FINANCING STATEMENTS IS NOT AN ADMISSION THAT THIS TRANSACTION IS OTHER THAN A TRUE LEASE.

---

8. RETURN ACKNOWLEDGMENT COPY TO: (NAME AND ADDRESS)
   Wells Fargo Equipment Finance, Inc.
   733 Marquette Ave., Third Floor
   Minneapolis, MN 55402

---

9. FILE WITH:
   UNIFORM COMMERCIAL CODE
   DEPARTMENT OF LICENSING
   P.O. BOX 9660
   OLYMPIA, WA 98507-9660
   (206) 753-2523
   MAKE CHECKS PAYABLE TO THE DEPARTMENT OF LICENSING

---

10. FOR OFFICE USE ONLY IMAGES TO BE FILMED

---

11. If collateral is described below, this statement may be signed by the Secured Party instead of the Debtor. Please check the appropriate box, complete the adjacent lines and box 13, if collateral is:
    a. |_|already subject to a security interest in another jurisdiction when it was brought into this state or when the debtor's location was changed to this state. (COMPLETE ADJACENT LINES I AND 2)
    b. |_| proceeds of the original collateral described above in which a security interest was perfected. (COMPLETE ADJACENT LINES I AND 2)
    c. |_| listed on a filing which has lapsed. (COMPLETE ADJACENT LINES I AND 2)
    a. |_| acquired after a change of name, identity, or corporate structure of the debtor(s). (COMPLETE ADJACENT LINES 1, 2 AND 3)
    ORIGINAL FILING NUMBER
    FILING OFFICE WHERE FILED
    FORMER NAME OR DEBTOR(S)

---

12. DEBTOR NAME(S) AND SIGNATURE(S):
    LABOR READY SOUTHWEST, INC.
    TYPE NAME(S) OF DEBTOR(S) AS IT APPEARS IN BOX 1.
    By:
    SIGNATURE(S) OF DEBTOR(S)

    SIGNATURE(S) OF DEBTORS)

---

13. SECURED PARTY NAME(S) AND SIGNATURE(S) ARE REQUIRED IF BOX 11 HAS BEEN COMPLETED. WELLS FARGO EQUIPMENT FINANCE, INC.
    TYPE NAME(S) OF SECURED PARTY(IES) AS IT APPEARS IN BOX 3 OR 4.
    By:
    SIGNATURE(S) OF SECURED PARTY(IES)

    SIGNATURE(S) OF SECURED PARTY(IES)

FORM APPROVED FOR USE IN THE STATE OF WASHINGTON (R/7/93)
WASHINGTON UCC-1
COPY 1 - FILING OFFICER - INDEX

EXHIBIT 21

<TABLE>
<CAPTION>

SUSIDIARIES OF LABOR READY, INC.

Corporate Name	Incorporated in State/County of
<S>	<C>
Labor Ready Assurance Company	Cayman Island
Labor Ready Central, Inc.	Washington
Labor Ready Central II, LLC	Washington
Labor Ready Central III, LP	Washington
Labor Ready GP Company, Inc.	Washington
Labor Ready Mid-Atlantic, Inc.	Washington
Labor Ready Mid-Atlantic II, Inc.	Washington
Labor Ready Mid-Atlantic III, LP	Washington
Labor Ready Midwest, Inc.	Washington
Labor Ready Northeast, Inc.	Washington
Labor Ready Northwest, Inc.	Washington
Labor Ready Properties, Inc.	Nevada
Labor Ready Puerto Rico, Inc.	Puerto Rico
Labor Ready Southeast, Inc.	Washington
Labor Ready Southeast II, Inc.	Washington
Labor Ready Southeast III, LP	Washington
Labor Ready Southwest, Inc.	Washington
Labour Ready Temporary Services, Ltd.	Canada
Labour Ready Temporary Services UK, Ltd.	United Kingdom
Workers Assurance of Hawaii, Inc.	Hawaii

</TABLE>

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statement No. 333-36191, 333-16455 and 333-16459.

/s/ Arthur Andersen LLP

March 22, 2000

<TABLE> <S> <C>

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
FINANCIAL STATEMENTS OF LABOR READY, INC. AND SUBSIDIARIES AT DECEMBER 31, 1999
AND FOR THE YEAR THEN ENDED.
</LEGEND>
<MULTIPLIER> 1,000

<S>	<C>	
<PERIOD-TYPE>	YEAR	
<FISCAL-YEAR-END>		DEC-31-1999
<PERIOD-START>		JAN-01-1999
<PERIOD-END>		DEC-31-1999
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<TOTAL-COSTS>		587,366
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<CHANGES>		(1,453)
<NET-INCOME>		23,124
<EPS-BASIC>		0.54
<EPS-DILUTED>		0.53

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<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INMFORMATION EXTRACTED FROM CONSOLIDATED FINANCIAL STATEMENTS OF LABOR READY, INC. AND SUBSIDIARIES AT DECEMBER 31, 1998 AND 1997 AND FOR EACH OF THE TWO YEARS IN THE PERIOD ENDING DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<RESTATED>
<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	YEAR
<FISCAL-YEAR-END>	DEC-31-1998	DEC-31-1997
<PERIOD-START>	JAN-01-1998	JAN-01-1997
<PERIOD-END>	DEC-31-1998	DEC-31-1997
<CASH>	25,940	22,117
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<DEPRECIATION>	(6,069)	(2,839)
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<PREFERRED>	854	854
<COMMON>	54,131	49,693
<OTHER-SE>	25,512	7,494
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<TOTAL-REVENUES>	606,895	335,409
<CGS>	0	0
<TOTAL-COSTS>	422,924	236,667
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<INTEREST-EXPENSE>	256	(1,871)
<INCOME-PRETAX>	33,390	12,522
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<CHANGES>	0	0
<NET-INCOME>	19,799	6,963
<EPS-BASIC>	0.47	0.17
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<FN>
<F1> Adjusted for the Company's 3 for 2 stock split effective June 24, 1999.
</FN>

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