UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2000

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 Registrant as specified in its charter)

Washington	91-1287341
(State of Incorporation)	(Employer Identification No.)

1016 S. 28th Street, Tacoma, Washington	98409
(Address of Principal Executive Offices)	(Zip Code)

(253) 383-9101

(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( )

As of April 28, 2000, the Registrant had 42,770,548 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

LABOR READY, INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1.	Consolidated Balance Sheets March 31, 2000 and December 31, 1999	2
	Consolidated Statements of Income Thirteen Weeks Ended March 31, 2000 and April 2, 1999	4
	Consolidated Statements of Cash Flows Thirteen Weeks Ended March 31, 2000 and April 2, 1999	5
	Notes to Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Item 3.	Qualitative and Quantitative Disclosures About Market Risk	13

PART II. OTHER INFORMATION

Item 6.	Exhibits and Reports on Form 8-K	14
	Signatures	15

LABOR READY, INC.
CONSOLIDATED BALANCE SHEETS
IN THOUSANDS

ASSETS

	(UNAUDITED) MARCH 31, 2000	DECEMBER 31, 1999
CURRENT ASSETS:		
Cash and cash equivalents	$ 27,637	$ 16,845
Accounts receivable, less allowance for doubtful accounts of $8,089 and $9,899	81,632	93,716
Workers' compensation deposits and credits	5,205	4,955
Prepaid expenses and other	8,188	9,310
Income tax receivable	4,232	2,004
Deferred income taxes	7,339	8,101
Total current assets	134,233	134,931
PROPERTY AND EQUIPMENT:		
Buildings and land	6,762	6,298
Computers and software	26,382	23,709
Cash dispensing machines	12,456	10,797
Furniture and equipment	769	766
	46,369	41,570
Less accumulated depreciation	12,596	10,838
Property and equipment, net	33,773	30,732
OTHER ASSETS:		
Restricted cash	2,027	2,027
Deferred income taxes	6,968	6,743
Other assets	561	48
Total other assets	9,556	8,818
Total assets	$ 177,562	$ 174,481

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED BALANCE SHEETS
IN THOUSANDS (EXCEPT PER SHARE AMOUNTS)

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

<S>	<C> (UNAUDITED) MARCH 31, 2000	<C> DECEMBER 31, 1999
CURRENT LIABILITIES:		
Accounts payable	$ 14,764	$ 11,756
Accrued wages and benefits	9,160	8,531
Current portion of workers' compensation claims reserve	13,422	15,732
Current portion of capital lease obligations	1,511	1,178
Total current liabilities	38,857	37,197
LONG-TERM LIABILITIES:		
Capital lease obligations	7,638	6,590
Workers' compensation claims reserve	22,581	19,558
Total long-term liabilities	30,219	26,148
Total liabilities	69,076	63,345
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; 42,756 and 42,802 shares issued and outstanding	62,614	62,928
Retained earnings	45,018	47,354
Total shareholders' equity	108,486	111,136
Total liabilities and shareholders' equity	$ 177,562	$ 174,481

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED STATEMENTS OF INCOME
IN THOUSANDS (EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	THIRTEEN WEEKS ENDED	
	MARCH 31, 2000	APRIL 2, 1999
Revenues from services	$ 193,450	$ 156,933
Cost of services	134,736	105,907
Gross profit	58,714	51,026
Selling, general and administrative expenses	60,767	42,662
Depreciation and amortization	1,765	676
Income (loss) from operations	(3,818)	7,688
Interest income, net	8	18
Income (loss) before taxes and cumulative effect of accounting change	(3,810)	7,706
Taxes (benefit) on income (loss)	(1,491)	3,019
Income (loss) before cumulative effect of accounting change	(2,319)	4,687
Cumulative effect of accounting change, net of income tax benefit of $897	--	(1,453)
Net income (loss)	$ (2,319)	$ 3,234
Basic income (loss) per common share:		
Income (loss) before cumulative effect of accounting change	$ (0.05)	$ 0.11
Cumulative effect of accounting change, net	--	(0.03)
Net income (loss)	$ (0.05)	$ 0.08
Diluted income (loss) per common share:		
Income (loss) before cumulative effect of accounting change	$ (0.05)	$ 0.10
Cumulative effect of accounting change, net	--	(0.03)
Net income (loss)	$ (0.05)	$ 0.07
Weighted average shares outstanding:		
Basic	42,818	42,044
Diluted	42,818	43,469

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
IN THOUSANDS

(UNAUDITED)

<TABLE>
<CAPTION>

	THIRTEEN WEEKS ENDED	
	MARCH 31, 2000	APRIL 2, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (2,319)	$ 3,234
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,765	672
Provision for doubtful accounts	2,935	2,751
Deferred income taxes	537	(2,615)
Cumulative effect of accounting change	--	2,350
Changes in operating assets and liabilities		
Accounts receivable	9,149	(1,839)
Workers' compensation deposits and credits	(250)	(1,907)
Prepaid expenses and other	1,122	(1,918)
Accounts payable	339	(1,406)
Accrued wages and benefits	629	(116)
Income taxes	(2,194)	357
Workers' compensation claims reserve	713	942
Net cash provided by operating activities	12,426	505
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(3,125)	(3,021)
Additions to other assets	(520)	(521)
Net cash used in investing activities	(3,645)	(3,542)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds on short term borrowing	2,702	--
Proceeds from options and warrants exercised	22	1,370
Proceeds from sale of stock through employee benefit plans	564	206
Purchase and retirement of common stock	(934)	--
Payments on capital lease obligations	(293)	(181)
Preferred stock dividends paid	(43)	--
Net cash provided by financing activities	2,018	1,395
Effect of exchange rates on cash	(7)	(55)
Net increase (decrease) in cash and cash equivalents	10,792	(1,697)
CASH AND CASH EQUIVALENTS, beginning of period	16,845	25,940
CASH AND CASH EQUIVALENTS, end of period	$ 27,637	$ 24,243

------------------ ---------

</TABLE>

See accompanying notes to consolidated financial statements.

ITEM 1. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures usually found in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Labor Ready, Inc.'s ("the Company") 1999 annual report on Form 10-K. Certain amounts in the consolidated balance sheet at December 31, 1999 have been reclassified to conform to the 2000 presentation. The accompanying consolidated financial statements reflect all adjustments, including normal recurring adjustments, which in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Operating results for the thirteen week period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000.

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 45 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, to an aggregate maximum of $11.60 per $100 of temporary worker payroll, or $18.8 million. For claims arising in 1998, 1999 and 2000, the per occurrence deductible amount was increased to $350,000 and the maximum aggregate stop-loss 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 and $10.4 million for the thirteen weeks ended March 31, 2000

For claims arising in years prior to 1997, the Company has insured all losses 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 March 31, 2000, and the total of claims paid and reserved for in the Company's financial statements for the same periods is $11.5 million. This amount represents the discounted maximum additional exposure, net of tax, to the Company before its maximum aggregate stop-loss 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 March 31, 2000 and December 31, 1999, are workers' compensation claims reserves in the non-monopolistic states of $35.6 million and $34.7 million and in the monopolistic states of $0.4 million and $0.7 million, respectively. The claims reserves were computed using a discount rate of 6.0% at March 31, 2000 and December 31, 1999.

Workers' compensation expense totaling $10.0 million, and $5.6 million was recorded as a component of cost of services in each of the thirteen weeks ended March 31, 2000 and April 2, 1999.

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 has provided approximately 50% of the required collateral in the form of a surety bond, and 50% in letters of credit. Accordingly, at March 31, 2000, $14.5 million of the collateral was satisfied with surety bonds and $12.6 million was satisfied with letters of credit for the

1997 and 1998 program years.

- --

- --

WORKERS' COMPENSATION (CONTINUED)

The Company has a deductible insurance policy for the non-monopolistic 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 required collateral was reduced to an amount equal to 60% of claims reserves. Collateral for the 1999 and 2000 program years consists of 50% letters of credit and 50% surety bond. Accordingly, as of March 31, 2000, the Company has provided the insurance carrier with a letter of credit totaling $12.0 million and a surety bond for $12.6 million. Subsequent to quarter end, the Company increased the letter of credit by $5.0 million and the surety bond by $10.0 million for the 2000 program year. The Company anticipates that the letters of credit required by the insurance carrier will increase by $5.0 million over the balance of the year, while the surety bonds should remain constant for the 2000 program year.

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.

For workers' compensation claims originating in the United Kingdom, the Company has purchased an employers' liability insurance policy. This policy carries a 10 million GBP limit.

The Company's risk management department has established working relationships with its insurers, third party claims administrators, and medical service providers. To reduce wage-loss 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 on-line connection with its third party administrators that allows the claims coordinators to maintain visibility of all claims, manage their progress and generate required management information.

CHANGE IN ACCOUNTING PRINCIPLE

In the first quarter of 1999, the Company adopted the provisions of Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 establishes new rules for the financial reporting of start-up 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 98-5, any unamortized capitalized pre-opening costs in the first quarter of the year adopted. Prior to adopting SOP 98-5, pre-opening costs incurred to open new dispatch offices, including salaries, recruiting, testing, training, lease and other related costs, were capitalized and amortized using the straight-line method over two years. The cumulative effect of adopting SOP 98-5 was to decrease net income by $1.5 million or $0.03 per common share.

SUPPLEMENTAL CASH FLOW INFORMATION

<TABLE>
<CAPTION>

	(AMOUNTS IN THOUSANDS) THIRTEEN WEEKS ENDED	
	MARCH 31, 2000	APRIL 2, 1999
<S>	<C>	<C>
Cash paid during the period for:		
Interest	$ 203	$ 160
Income taxes	$ 169	$ 4,334
Non-cash investing and financing activities:		
Tax benefits related to stock options..............................	$ 34	$ 1,359
Assets acquired with capital lease obligations......................	$ 1,674	$ 2,309

Accrued preferred stock dividends	$ 11	$ --

</TABLE>

EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income (loss), less preferred stock dividends, by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income (loss), less preferred stock dividends, by the weighted average number of common shares and common share equivalents outstanding during the period. Common share equivalents for the Company include the dilutive effect of outstanding options, except where their inclusion would be anti-dilutive.

Basic and diluted earnings per share were calculated as follows (amounts in thousands, except per share amounts):

<TABLE>
<CAPTION>

	THIRTEEN WEEKS ENDED	
	MARCH 31, 2000	APRIL 2, 1999
<S>	<C>	<C>
Basic:		
Net income (loss)	$ (2,319)	$ 3,234
Less preferred stock dividends	(11)	(11)
Income (loss) allocable to common shareholders	$ (2,330)	$ 3,223
Weighted average shares outstanding	42,818	42,044
Net income (loss) per share	$ (0.05)	$ 0.08
Diluted:		
Income (loss) allocable to common shareholders	$ (2,330)	$ 3,223
Weighted average shares outstanding	42,818	42,044
Plus options to purchase common stock outstanding at end of period	--	4,323
Less shares assumed repurchased	--	(2,898)
Weighted average shares outstanding, including dilutive effect of options	42,818	43,469
Net income (loss) per share	$ (0.05)	$ 0.07

</TABLE>

COMMITMENTS

During the thirteen weeks ended March 31, 2000, the Company entered into an agreement to lease approximately 200 automated Cash Dispensing Machines ("CDMs") for installation in the Company's dispatch offices opened in 2000. The fair market value of the CDMs at inception of the lease was approximately $3.0 million. The lease is payable over 60 months with an imputed interest rate of 6.43% and a residual payment equal to 20% of the CDMs' original cost. The lease is secured by the CDMs. During the thirteen weeks ended March 31, 2000, the Company installed approximately 143 of the CDMs in its new dispatch offices throughout the United States. Accordingly, the Company recorded assets under capital lease and capital lease obligations totaling $1.6 million with future minimum lease payments over the next 5 years of approximately $0.3 million per year.

In May of 1999, the Company entered into 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 $0.5 million on deposit with a remaining balance of $11.0 million, which will be disbursed by the end of the year. The Company expects to move its corporate headquarters and administrative offices to this building by the end of 2000.

- --

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

Certain matters discussed in this Form 10-Q, including statements about the Company's revenue growth, the demand for temporary labor and its plans for opening new offices, are forward-looking statements within the meaning of the Private Litigation Reform Act of 1995. As such, these forward-looking statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to (1) the Company's ability to manage and continue its rapid growth, (2) economic conditions in its key market areas, and (3) other risks as set forth in the Company's Form 10-K for the year ended December 31, 1999. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained.

OVERVIEW

Labor Ready is the nation's leading provider of temporary manual labor. The Company's customers are primarily in the freight handling, warehousing, landscaping, construction, light manufacturing, and other light industrial businesses. The Company has grown from eight dispatch offices in 1991 to 830 dispatch offices at March 31, 2000. Substantially all of the growth in dispatch offices was achieved by opening Company-owned locations rather than through acquisitions or franchising. The Company's annual revenues have grown from approximately $6 million in 1991 to $851 million in 1999 and $193 million for the thirteen weeks ended March 31, 2000. This revenue growth has been generated both by opening new dispatch offices in markets throughout the U.S., Canada, United Kingdom and Puerto Rico and by continuing to increase sales at existing dispatch offices.

The Company opened 143 dispatch offices during the first thirteen weeks of 2000 and expects to open approximately 57 additional dispatch offices in the second quarter. The average cost of opening each new dispatch office in 2000 was approximately $45,000. Approximately, $13,000 of these costs includes salaries, recruiting, testing, training, lease and other related costs which are expensed and the remaining $32,000 is included in property and equipment and includes computer systems and other equipment related costs, leasehold improvements and a cash dispensing machine and related equipment. The cost of opening a new dispatch office includes management training, the installation of computer and other office systems and a CDM. Further, once open, the Company invests 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 weekly. Consequently, the Company may experience 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.

Approximately 20% of the Company's customers are construction and landscaping businesses, which are significantly affected by the weather. 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. Further, 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 customer mix diversifies. From time to time, during peak periods, the Company experiences shortages of available temporary workers. The Company has completed the installation of the CDMs in substantially all of its dispatch offices in the United States. The CDMs provide the Company's temporary workers with the option of receiving cash payment instead of a payroll check. The Company believes this additional feature is unique among its direct competitors and should increase the Company's ability to attract available temporary workers.

Revenue from services includes revenues earned on services provided by the Company's temporary workers and fees generated by the CDMs.

Cost of services includes the wages and related payroll taxes of temporary workers, workers' compensation expense, unemployment compensation insurance and transportation. Cost of services as a percentage of revenues has historically been affected by numerous factors, including the use of lower introductory rates to attract new customers at new dispatch offices, the use of higher pay rates to attract more skilled workers, changes in the Company's workers' compensation reserve rates and the changing geographic mix of new and established, more mature markets. Although the Company has implemented policies and procedures to prevent unplanned increases in pay rates, and is no longer required to discount billing rates to attract new customers, significant continuing fluctuations in cost of services may be experienced as the Company pursues further aggressive growth.

Selling, general and administrative expenses include the salaries and wages of the Company's operations and administrative personnel, dispatch office operating expenses, corporate office operating expenses and the costs of the CDM program.

Labor Ready pays employee-related expenses of its temporary workers, including workers' compensation coverage, unemployment compensation insurance, and Social Security and Medicare taxes. The Company does not provide health, dental, disability or life insurance to its temporary workers. The Company bills its customers for the hours worked by its 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 are not material during any period presented herein.

RESULTS OF OPERATIONS

The following table compares the operating results of the Company for the thirteen weeks ended March 31, 2000 and April 2, 1999 (in thousands):

<TABLE>
<CAPTION>

	THIRTEEN WEEKS ENDED		
	MARCH 31, 2000	PERCENT CHANGE	APRIL 2, 1999
<S>	<C>	<C>	<C>
Revenues from services	$ 193,450	23.3	$ 156,933
Cost of services	134,736	27.2	105,907
Selling, general and administrative expenses	60,767	42.4	42,662
Depreciation and amortization	1,765	161.1	676
Interest income, net	8	(55.6)	18
Income (loss) before taxes and cumulative effect of change in accounting principle	(3,810)	(149.4)	7,706
Net income (loss)	$ (2,319)	(171.7)	$ 3,234

</TABLE>

THIRTEEN WEEKS ENDED MARCH 31, 2000 COMPARED TO THIRTEEN WEEKS ENDED APRIL 2, 1999

DISPATCH OFFICES

The number of offices grew to 830 for the thirteen weeks ended March 31, 2000 from 687 locations at December 31, 1999, a net increase of 143 dispatch offices, or 20.8%. During the thirteen weeks ended April 2, 1999, the number of offices grew to 652 from 486 locations at December 31, 1998, a net increase of 166 dispatch offices, or 34.2%. The Company plans to open an additional 57 offices in the second quarter of 2000 and 200 additional offices in 2001. The approximate aggregate costs of opening the 143 and 166 additional offices in the first quarter were $6.4 million in 2000 and $7.5 million in 1999, for an average cost of $45,000 per office for both periods.

REVENUES FROM SERVICES

The increase in revenues is due primarily to the increase in the number of dispatch offices and a slight increase in the average bill rate. Included in revenues from services for the thirteen weeks ended March 31, 2000 and April 2, 1999 are CDM fees of $1.7 million and $1.2 million.

COST OF SERVICES

The increase in cost of services is directly related to the corresponding increase in revenues. Cost of services were 69.7% of revenue for the thirteen weeks ended March 31, 2000 compared to 67.5% of revenue for the same period in 1999, an increase of 2.2% of revenue. The increase as a percentage of revenue is mainly due to a one time benefit received, in the first quarter of 1999, for several changes made to the workers' compensation program. Fluctuations in cost of services may be expected as the Company pursues further aggressive growth.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The increase in selling, general and administrative expenses is largely due to the 23.3% increase in revenues from 1999 to 2000. Selling, general and administrative expenses were 31.4% of revenues for the first quarter of 2000 as compared to 27.2% of revenues in the first quarter of 1999. The increase in selling, general and administrative expenses as a percentage of revenue in the first quarter of 2000 is due mainly to an increase in staffing costs of approximately 2.0% of revenue over the same quarter a year ago and an increase in advertising costs. The increase in staffing costs is a result of the addition of 178 offices from a year ago, as well as rehiring and training sales representatives to support future growth. Advertising costs increased due to the launch of the national advertising campaign, which was initiated in the first quarter of 2000. Included in selling, general and administrative expense for the thirteen weeks ended March 31, 2000 and April 2, 1999 are CDM related expenses of $0.4 million and $0.5 million.

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 adjusts its staffing at the dispatch offices and upgrades its operating and administrative capabilities to accommodate anticipated revenue and dispatch office growth.

DEPRECIATION AND AMORTIZATION EXPENSE

The increase in quarterly depreciation and amortization expense is primarily the result of the addition of $14.7 million of property and equipment since the first quarter of 1999. These additions primarily include CDMs, computer equipment, software, and other equipment needed for the new offices opened in the first quarter and to expand the Company's data processing capabilities to accommodate this growth. 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. Prior to the change, the Company had capitalized pre-opening costs and amortized them over two years. Included in depreciation and amortization expense for the thirteen weeks ended March 31, 2000 and April 2, 1999 are depreciation on CDMs of $0.4 million and $0.3 million.

INTEREST INCOME, NET

The decrease in net interest income was the result of increases in interest expense on CDM leases, higher letter of credit and line of credit fees than in 1999 and a decline in market interest rates on invested cash balances. Additionally, the Company had cash balances of approximately $12.4 million held in the CDMs at March 31, 2000 compared to $13.3 million at April 2, 1999.

The Company expects to incur interest expense during the balance of 2000 as its cash demands will increase during its busiest time of year, which will result in increased borrowing on the Company's line of credit. Additionally, cash balances held in the CDMs for payment of temporary worker payrolls will continue to reduce cash available for investing.

TAXES (BENEFIT) ON INCOME (LOSS)

The increase in the tax benefit for the quarter is commensurate with the decrease in income from operations on a quarter over quarter basis. The Company's effective tax rate was 39.1% in the first quarter of 2000 as compared to 39.2% for the same period in 1999. The decrease in the effective rate was primarily due to reductions in the Company's expected state income tax rates. The principal difference between the statutory federal income tax rate and the Company's effective income tax rate results from state income taxes and certain non-deductible expenses.

The Company had a net deferred tax asset of approximately $14.3 million at March 31, 2000, resulting primarily from workers' compensation claims 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 (LOSS)
As a percentage of revenues from services, the net loss was (1.2)% for the first quarter of 2000, which compares to 2.1% for the first quarter of 1999, a decrease of 3.3%. This decrease in net income as a percentage of revenue was related to the increase in cost of services and selling, general and administrative expenses as a percentage of sales.

LIQUIDITY AND CAPITAL RESOURCES
Net cash provided by operating activities was $12.4 million for the period ended March 31, 2000 compared to $0.5 million for the period ended April 2, 1999. The increase in cash provided by operations for the thirteen weeks ended March 31, 2000, is largely due to the increase in the collection of accounts receivable and a decrease in prepaid expenses, offset by the net loss for the quarter and an increase in income taxes receivable.

The Company used net cash in investing activities of $3.6 million in the first quarter of 2000, compared to $3.5 million in the first quarter of 1999. The increase in cash used in investing activities in 2000 as compared to 1999 is due primarily to an increase in the Company's internal software development costs to accommodate the growth in dispatch offices and the development of a new web site, which allows customers to order workers online and to review and analyze invoices. The Company's cash used for capital expenditures in 2000 and 1999 include property and equipment acquired other than through capital lease.

Net cash provided by financing activities was $2.0 million for the period ended March 31, 2000 and $1.4 million for the period ended April 2, 1999. The increase in cash provided by financing activities in 2000 as compared to 1999 is due mainly to the increase in net proceeds on short term borrowings offset by the purchase and retirement of common stock of $0.9 million.

In February 1999, the Company entered into a line of credit agreement with U.S. Bank. The 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 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 certain minimum net worth and working capital amounts and ratios. The Company was in compliance with the requirements at March 31, 2000.

As discussed further in the notes to 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 March 31, 2000, the Company had provided its insurance carriers with letters of credit totaling $24.6 million. The letters of credit bear fees of 0.75% per year and are supported by an equal amount of available borrowings on the line-of-credit. Accordingly, at March 31, 2000, the Company did not have an outstanding balance on the line-of-credit, $24.6 million was committed by the letters of credit and $35.4 million was available for borrowing. Subsequent to quarter end, the letters of credit increased to $29.6 million leaving $30.4 million available for borrowing.

During the first quarter of 2000, the Company entered into a tentative agreement to lease approximately 200 automated CDMs for installation in the Company's dispatch offices opened in 2000. The fair market value of the CDMs at inception of the lease is approximately $3.0 million. The lease is payable over 60 months with an imputed interest rate of 6.43% and a residual payment equal to 20% of the CDMs' original cost. The lease is secured by the CDMs. During the thirteen weeks ended March 31, 2000, the Company installed approximately 143 CDMs in dispatch offices throughout the United States. Accordingly, the Company recorded assets under capital lease and capital lease obligations totaling $1.6 million with future minimum lease payments over the next 5 years of approximately $0.3 million per year.

Included in cash and cash equivalents at March 31, 2000, is approximately $12.4 million as compared to $13.3 million at April 2, 1999, of cash which is located in the CDMs for payment of temporary worker payrolls.

Historically, the Company has financed its operations through cash generated by external financing including term loans, credit lines and stock offerings. The principal use of cash is to finance the growth in receivables, and fund 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 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.

INFORMATION PROCESSING SYSTEMS AND THE YEAR 2000

We are exposed to the risk that the Year 2000 Issue could disrupt our operations. However, as discussed in prior filings, we undertook certain planning and implementation efforts. We did not experience any significant system failures at the turning of the new millennium. We presently believe that the Year 2000 Issue has been mitigated. The amounts incurred and expensed for developing and carrying out the plans to complete the Year 2000 modifications did not have a material effect on our operations.

- --

ITEM 3. 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 March 31, 2000, 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 March 31, 2000 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.

- --

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS:

THE FOLLOWING EXHIBIT IS BEING FILED AS A PART OF THIS REPORT:

EXHIBIT NO.	DESCRIPTION
27.	Financial Data Schedule as of March 31, 2000 and for the thirteen week period then ended.
27.1	Financial Data Schedule as of April 2, 1999 and for the thirteen week period then ended.

(b) REPORTS ON FORM 8-K

None.

- --

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGISTRANT: LABOR READY, INC.

By: /s/ Glenn A. Welstad May 12, 2000

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

Date

By: /s/ Joseph P. Sambataro, Jr. May 12, 2000

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

Date

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE APRIL 2, 1999 CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE COMPANY'S FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<RESTATED>

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1999
<PERIOD-START>	JAN-01-1999
<PERIOD-END>	APR-02-1999
<CASH>	24,243
<SECURITIES>	0
<RECEIVABLES>	69,398
<ALLOWANCES>	(4,826)
<INVENTORY>	0
<CURRENT-ASSETS>	106,878
<PP&E>	31,683
<DEPRECIATION>	6,738
<TOTAL-ASSETS>	137,431
<CURRENT-LIABILITIES>	30,520
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	854
<COMMON>	57,066<F1>
<OTHER-SE>	28,712
<TOTAL-LIABILITY-AND-EQUITY>	137,431
<SALES>	0
<TOTAL-REVENUES>	156,933
<CGS>	0
<TOTAL-COSTS>	105,907
<OTHER-EXPENSES>	40,587
<LOSS-PROVISION>	2,751
<INTEREST-EXPENSE>	(18)
<INCOME-PRETAX>	7,706
<INCOME-TAX>	3,019
<INCOME-CONTINUING>	4,687
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	(1,453)
<NET-INCOME>	3,234
<EPS-BASIC>	0.08
<EPS-DILUTED>	0.07

<FN>
<F1>ADJUSTED FOR THE COMPANY'S 3 FOR 2 STOCK SPLIT EFFECTIVE JUNE 24, 1999.
</FN>

</TABLE>

```
<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MARCH
31, 2000 CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE COMPANY'S FORM 10-Q
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000

<S>                                <C>
<PERIOD-TYPE>                      3-MOS
<FISCAL-YEAR-END>                            DEC-31-2000
<PERIOD-START>                               JAN-01-2000
<PERIOD-END>                                 MAR-31-2000
<CASH>                                            27,637
<SECURITIES>                                           0
<RECEIVABLES>                                     89,721
<ALLOWANCES>                                     (8,089)
<INVENTORY>                                            0
<CURRENT-ASSETS>                                 134,233
<PP&E>                                            46,369
<DEPRECIATION>                                  (12,596)
<TOTAL-ASSETS>                                   177,562
<CURRENT-LIABILITIES>                             38,857
<BONDS>                                                0
<PREFERRED-MANDATORY>                                  0
<PREFERRED>                                          854
<COMMON>                                          62,614
<OTHER-SE>                                        45,018
<TOTAL-LIABILITY-AND-EQUITY>                     177,562
<SALES>                                                0
<TOTAL-REVENUES>                                 193,450
<CGS>                                                  0
<TOTAL-COSTS>                                    134,736
<OTHER-EXPENSES>                                  59,866
<LOSS-PROVISION>                                   2,666
<INTEREST-EXPENSE>                                   (8)
<INCOME-PRETAX>                                  (3,810)
<INCOME-TAX>                                     (1,491)
<INCOME-CONTINUING>                              (2,319)
<DISCONTINUED>                                         0
<EXTRAORDINARY>                                        0
<CHANGES>                                              0
<NET-INCOME>                                     (2,319)
<EPS-BASIC>                                       (0.05)
<EPS-DILUTED>                                     (0.05)


</TABLE>
```