

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 8-K**

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

Date of report (Date of earliest event reported): **April 19, 2006**

**LABOR READY, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Washington**

(State or Other Jurisdiction of Incorporation)

**001-14543**

(Commission File Number)

**91-1287341**

(IRS Employer Identification No.)

**1015 A Street, Tacoma, Washington**

(Address of Principal Executive Offices)

**98402**

(Zip Code)

**(253) 383-9101**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

**Item 2.02. Results of Operations and Financial Condition.**

On April 19, 2006, Labor Ready, Inc. (the "Company") issued a press release (the "Press Release") reporting its financial results for the first quarter ended March 31, 2006 and earnings guidance, a copy of which is attached hereto as Exhibit 99.1 and the contents of which are incorporated herein by this reference.

In accordance with General Instruction B.2. of Form 8-K, the information contained in the Press Release shall not be deemed "Filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01. Other Events.**

On April 19, 2006, the Company also announced that it plans to repurchase up to 1.2 million shares of its common stock during the second quarter of fiscal year 2006 under a program previously approved by the Company's Board of Directors.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

99.1. Press Release of the Company dated April 19, 2006.

**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 hereunto duly authorized.

LABOR READY, INC.  
(Registrant)

Date: April 21, 2006

By: /s/ Joseph P. Sambataro, Jr.

Joseph P. Sambataro, Jr.



## FOR IMMEDIATE RELEASE:

**LABOR READY ANNOUNCES RECORD FIRST QUARTER NET INCOME**  
Net Income Improves 23 Percent

**TACOMA, WA, April 19, 2006**—Labor Ready, Inc. (NYSE: LRW) reported revenue for the first quarter ended March 31, 2006 increased 22.1 percent to \$297.1 million compared to revenue of \$243.2 million for the first quarter of 2005. Net income for the quarter was \$11.5 million or \$0.21 per diluted share, as compared to \$9.4 million or \$0.19 per diluted share for the first quarter of 2005. Included in net income for the quarter is incremental stock-based compensation expense of \$0.03 per diluted share in comparison with the same quarter a year ago.

“We are pleased with the continued leverage in our operating model which resulted in net income growth of more than 37 percent excluding incremental stock-based compensation,” said Labor Ready President Steve Cooper. “During the quarter we achieved same branch revenue growth of 11 percent, sustained gross profit of 31.3 percent, and continued our disciplined control of operating expenses.”

CLP Resources, a leading skilled construction trades staffing firm acquired by Labor Ready in May 2005, provided 11.7 percentage points of Labor Ready’s total revenue growth for the quarter.

“We are confident we will continue to benefit from our commitment to growing revenue of existing branches, opening new branches, and maximizing the potential of our recent acquisitions,” said Labor Ready CEO Joe Sambataro. “These strategies and our ability to serve the staffing needs of our customers through our family of brands provide a strong foundation for sustained future growth.”

Labor Ready opened a total of 23 new branches and closed two branches during the quarter and plans to open approximately 20 additional branches in 2006. The company currently operates 908 branches.

Labor Ready also announced the company plans to repurchase up to 1.2 million shares of its common stock during the second quarter of 2006 under a program previously approved by its Board of Directors.

Labor Ready also provided guidance for the second quarter and updated its outlook for 2006. The company estimates revenue in the range of \$338 million to \$343 million and net income per share between \$0.32 and \$0.34 for the second quarter of 2006. For the year, the company currently estimates revenue in the range of \$1.38 billion to \$1.40 billion. Net income per share for the year is expected to be between \$1.33 and \$1.38. These estimates include incremental stock-based compensation expense of \$0.07 per diluted share for the year 2006.

Management will discuss the company’s performance with analysts on a conference call at 8:00 a.m. (PT) Thursday, April 20, 2006. The conference call will be broadcast live on the Internet at [www.laborready.com](http://www.laborready.com) and archived later in the day for replay.

This news release contains forward-looking statements, such as statements about the ranges of revenues, gross margins and net income anticipated for future periods, improvements in safety and workers’ compensation claims and costs, strategies for increasing revenue and net income, and other factors that may affect our financial results and operations in the future. Our actual results are, however, subject to a number of risks, including without limitation the following: 1) national and global economic conditions; 2) our ability to continue to attract and retain customers and maintain profit margins in the face of new and existing competition; 3) potential new laws and regulations that could have a materially adverse effect on our operations and financial results; 4) significant labor disturbances which could disrupt industries we serve; 5) increased costs and collateral requirements in connection with our insurance obligations, including workers’ compensation insurance; 6) the adequacy of our financial reserves; 7) our continuing ability to comply with financial covenants in our lines of credit and other financing agreements; 8) our ability to attract and retain competent employees in key positions; 9) our ability to successfully complete and integrate acquisitions that we have made and may make from time to time; and 10) other risks described in our filings with the Securities and Exchange Commission, including the Report on Form 10-K filed during 2006.

About Labor Ready

Labor Ready is an international provider of temporary employees for manual labor, light industrial and skilled trades, operating under the brand names of Labor Ready, Workforce, Spartan Staffing, and CLP Resources. Labor Ready’s customers are primarily small- to mid-sized businesses in the construction, warehousing, hospitality, landscaping, transportation, light manufacturing, retail, wholesale, facilities and sanitation industries. Annually, Labor Ready serves approximately 300,000 customers and puts more than 600,000 people to work through its more than 900 branch locations in the United States, Canada, and the United Kingdom. For additional information, visit Labor Ready’s website at [www.laborready.com](http://www.laborready.com).

For more information, contact:

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253-680-8214

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253-680-8291

**LABOR READY, INC.**  
**SUMMARY CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share amounts)  
(Unaudited)

	Thirteen Weeks Ended	
	March 31, 2006	April 1, 2005
Revenue from services	\$ 297,067	\$ 243,216
Cost of services	204,150	167,078
Gross profit	92,917	76,138
Selling, general and administrative expenses	74,224	59,414
Depreciation and amortization	2,796	2,206
Income from operations	15,897	14,518

Interest and other income, net		2,746		475
Income before tax expense		18,643		14,993
Income tax		7,177		5,637
Net income		\$ 11,466	\$	9,356
Net income per common share:				
Basic		\$ 0.21	\$	0.22
Diluted		\$ 0.21	\$	0.19
Weighted average shares outstanding:				
Basic		53,680		42,502
Diluted		54,447		53,256

**LABOR READY, INC.**  
**SUMMARY CONSOLIDATED BALANCE SHEETS**

	As of	
	March 31, 2006 (Unaudited)	December 30, 2005
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 109,057	\$ 82,155
Marketable securities	92,760	93,510
Accounts receivable, net	111,369	121,959
Other current assets	20,472	21,039
Total current assets	333,658	318,663
Property and equipment, net	28,577	26,615
Other assets	237,699	226,798
Total assets	\$ 599,934	\$ 572,076
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Long-term liabilities	\$ 103,984	\$ 100,014
Total liabilities	129,501	123,464
Shareholders' equity	233,485	223,478
Total liabilities and shareholders' equity	366,449	348,598
	\$ 599,934	\$ 572,076

**LABOR READY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**In Thousands**  
**(Unaudited)**

	Thirteen Weeks Ended	
	March 31, 2006	April 1, 2005
<b>Cash Flows from Operating activities:</b>		
Net income	\$ 11,466	\$ 9,356
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,611	2,400
Provision for doubtful accounts	1,598	1,557
Deferred income taxes	(7,763)	(4,385)
Tax benefit on stock options	—	1,419
Excess tax benefits from stock-based compensation	(1,877)	—
Other operating activities	2,488	31
Changes in operating assets and liabilities:		
Accounts receivable	8,992	1,125
Income tax	15,160	8,577
Other assets	506	(514)
Accounts payable	6	3,215
Accrued wages and benefits	(4,410)	(3,265)
Workers' compensation claims reserve	5,473	4,189
Other current liabilities	(38)	(75)
Net cash provided by operating activities	34,212	23,630
<b>Cash Flows from Investing activities:</b>		
Capital expenditures	(3,859)	(1,152)
Purchases of marketable securities	(11,243)	(35,535)
Maturities of marketable securities	12,002	34,305
Increase in restricted cash and other assets	(7,431)	(17,805)
Other	—	36
Net cash used in investing activities	(10,531)	(20,151)
<b>Cash Flows from Financing activities:</b>		
Proceeds from sale of stock through options and employee benefit plans	1,335	2,684
Excess tax benefits from stock-based compensation	1,877	—
Payments on debt	(193)	(578)

Checks issued against future deposits	—	1,143
Net cash provided by financing activities	<u>3,019</u>	<u>3,249</u>
Effect of exchange rates on cash	<u>202</u>	<u>(258)</u>
Net change in cash and cash equivalents	26,902	6,470
Cash and cash equivalents, beginning of period	82,155	87,555
Cash and cash equivalents, end of period	<u>\$ 109,057</u>	<u>\$ 94,025</u>

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