



## Press Release

CRAWFORD & COMPANY 5620 GLENRIDGE DRIVE, N.E. P.O. BOX 5047 ATLANTA, GEORGIA 30302 (404) 256-0830

**FOR IMMEDIATE RELEASE**

**Date: October 26, 2001**  
**From: Grover L. Davis**  
**Chief Executive Officer**

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### **Crawford Reports Third Quarter Results**

Grover L. Davis, Chief Executive Officer of Crawford & Company, announced the Company's financial results for the quarter ended September 30, 2001. Third quarter revenues grew to \$181.4 million in 2001, increasing 1% over the \$180.1 million reported for the third quarter of 2000. Operating income (income before amortization of goodwill, net corporate interest and taxes) in the quarter totaled \$12.8 million, down 28% from \$17.7 million in the 2000 third quarter. Net income per share declined from \$0.20 per share in the 2000 third quarter to \$0.14 per share in 2001.

Domestic revenues grew 1%, from \$132.3 million in the third quarter of 2000 to \$134.2 million in the current quarter. Third quarter international revenues declined 1%, from \$47.8 million in 2000 to \$47.2 million in 2001. Excluding the adverse impact of exchange rate fluctuations due to the strong U.S. dollar, international revenues would have increased by 6% in the quarter.

Revenues for the first nine months of 2001 were up 1% as compared with 2000 revenues, from \$542.0 million in 2000 to \$547.4 million in 2001. Year-to-date operating income totaled \$44.6 million, decreasing 20% from \$55.4 million in 2000. For the nine months ended September 30, 2001, net income per share totaled \$0.49, a 22% decline from the \$0.63 reported for 2000.

Domestic revenues grew 2% in the nine-month period, from \$395.3 million in 2000 to \$404.8 million in 2001. International revenues decreased 3%, to \$142.5 million in 2001 from \$146.7 million in the 2000 period. Excluding the adverse impact of exchange rate fluctuations due to the strong U.S. dollar, international revenues would have increased by 5% in the year-to-date period.



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Mr. Davis stated, "Domestically, our revenues from the insurance company market were unchanged, totaling \$72.7 million in both the third quarter of 2001 and the year earlier quarter. However, we are confident that our recently announced strategic partnership with Xactware, Inc., a company that specializes in providing integrated technology applications to the insurance industry, will enable us to increase our penetration in this market by allowing us to provide unmatched service for commercial and residential property claims. With one fully integrated system, Crawford will receive property assignments online from insurance carriers, and adjusters will be able to download assignments and send finished work products to clients electronically. The system will also allow electronic routing of property claims to Contractor Connection, our managed network of independent repair contractors, and claims will be electronically flagged for reinspections and quality assurance. We know of no other company that can offer the start-to-finish property claims service we will now be able to offer as a result of this partnership."

Mr. Davis continued, "Domestic revenues from self-insured clients decreased slightly during the quarter, from \$49.2 million in 2000 to \$48.8 million in 2001, while revenues from class action services increased 21% to \$12.7 million. We believe these markets continue to represent significant future sources of revenue growth, and we are aggressively seeking out new opportunities in each."

Concluding, Mr. Davis stated, "We have recently taken steps to reduce our operating costs and expect these initiatives will reduce our future costs by \$5 million per year before taxes beginning in 2002, with \$1.6 million of these cost reductions taking place in our international operations. During the 2001 fourth quarter we will incur approximately \$1 million in pretax severance and lease termination costs related to these cost reductions. We will continue to closely manage our cost structure in order to improve our operating margins. However, due primarily to reduced expectations in our international operations, we do not anticipate any improvement in our operating results until the first quarter of 2002."

Mr. Davis also noted the Company had recently been informed that a large contract with a major domestic insurer for medical bill review services will not be renewed at the end of the year. For the nine months ended September 30, 2001, revenues and pretax earnings related to this contract totaled \$11.4 million and \$1.3 million, respectively. Fourth quarter revenues and pretax earnings related to this contract are expected to approximate \$2.5 million and \$54,000, respectively, including severance and other costs associated with the contract termination.



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Further information regarding the Company's financial position and operating results for the quarter and nine months ended September 30, 2001 is shown on the attached statements.

Crawford & Company is the world's largest independent provider of diversified services to insurance companies, self-insured corporations, and governmental entities. Among the many services we provide are claims management, loss adjustment, healthcare management, risk management services, class action administration, and risk information services.

Crawford is an Atlanta-based corporation with approximately 10,000 employees worldwide in more than 700 offices in 65 countries. The Corporation's shares are publicly traded on the New York Stock Exchange under the symbols CRDA and CRDB. The Web address is [crawfordandcompany.com](http://crawfordandcompany.com).

Except for historical information contained herein, the matters discussed in this news release are forward-looking statements that involve risks and uncertainties. The results achieved in the quarter and nine months ended September 30, 2001 are not necessarily indicative of future prospects for the Company. Actual results in future quarters may differ materially. For a complete discussion regarding factors which could affect the Company's financial performance, see the Company's Form 10-K for the year ended December 31, 2000 filed with the Securities and Exchange Commission, in particular the information under the headings "Business", "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company undertakes no obligation to publicly release any revisions to any forward-looking statements contained herein to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. The Company's actual results may differ materially from those projected in forward-looking statements made by, or on behalf of, the Company.

Crawford & Company's conference call with analysts on Monday, October 29, 2001 at 3:00 p.m. EST to discuss its quarterly earnings and other business developments, will be recorded and available for replay through November 5, 2001. You may dial 1-800-615-3210 (703-326-3020 international) to listen. The access code is 5611968. Alternatively, please visit our website at [www.crawfordandcompany.com](http://www.crawfordandcompany.com) for a live audio webcast.

FOR FURTHER INFORMATION REGARDING THIS PRESS RELEASE, PLEASE CALL JOHN GIBLIN AT (404) 847-4571.



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**CRAWFORD & COMPANY  
COMPARATIVE STATEMENTS OF INCOME**

*(In Thousands Except Per Share Data)*

<u>Nine Months Ended September 30</u>	<u>2001</u>	<u>2000</u>	<u>% Change</u>
Revenues	\$547,394	\$541,985	1%
Costs and Expenses:			
Costs of Services	409,630	396,065	3%
Selling, General, and Administrative	93,204	90,514	3%
Corporate Interest, net	3,584	3,205	12%
Amortization of Goodwill	2,605	2,393	9%
Total Costs and Expenses	<u>509,023</u>	<u>492,177</u>	3%
Income Before Income Taxes	38,371	49,808	-23%
Income Taxes	14,734	19,126	-23%
Net Income	<u>\$23,637</u>	<u>\$30,682</u>	-23%
Net Income Per Share:			
Basic	<u>\$0.49</u>	<u>\$0.63</u>	-22%
Diluted	<u>\$0.49</u>	<u>\$0.63</u>	-22%
Weighted Average Shares Outstanding:			
Basic	<u>48,476</u>	<u>48,974</u>	
Diluted	<u>48,542</u>	<u>49,064</u>	



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COMPARATIVE STATEMENTS OF INCOME**

*(In Thousands Except Per Share Data)*

<b><u>Quarter Ended September 30</u></b>	<b><u>2001</u></b>	<b><u>2000</u></b>	<b><u>% Change</u></b>
Revenues	<b>\$181,412</b>	\$180,117	1%
Costs and Expenses:			
Costs of Services	<b>135,690</b>	132,544	2%
Selling, General, and Administrative	<b>32,970</b>	29,921	10%
Corporate Interest, net	<b>1,088</b>	1,142	-5%
Amortization of Goodwill	<b>858</b>	832	3%
Total Costs and Expenses	<b><u>170,606</u></b>	<u>164,439</u>	4%
Income Before Income Taxes	<b>10,806</b>	15,678	-31%
Income Taxes	<b>4,149</b>	6,020	-31%
Net Income	<b><u>\$6,657</u></b>	<u>\$9,658</u>	-31%
Net Income Per Share:			
Basic	<b><u>\$0.14</u></b>	<u>\$0.20</u>	-30%
Diluted	<b><u>\$0.14</u></b>	<u>\$0.20</u>	-30%
Weighted Average Shares Outstanding:			
Basic	<b><u>48,476</u></b>	<u>48,458</u>	
Diluted	<b><u>48,566</u></b>	<u>48,537</u>	



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**CRAWFORD & COMPANY  
SUMMARY RESULTS BY OPERATING SEGMENT**

**Nine Months Ended September 30, 2001**

*(In Thousands Except Percentages)*

	Domestic		International		Total	
	2001	2000	2001	2000	2001	2000
Revenues	\$404,849	\$395,253	\$142,545	\$146,732	\$547,394	\$541,985
Compensation & Benefits	251,943	238,378	93,961	92,434	345,904	330,812
<i>% of Revenues</i>	62.2%	60.3%	65.9%	63.0%	63.2%	61.0%
Expenses Other than Compensation & Benefits	119,665	116,125	37,265	39,642	156,930	155,767
<i>% of Revenues</i>	29.6%	29.4%	26.2%	27.0%	28.7%	28.8%
Operating Income (1)	\$33,241	\$40,750	\$11,319	\$14,656	\$44,560	\$55,406
<i>% of Revenues</i>	8.2%	10.3%	7.9%	10.0%	8.1%	10.2%

**Quarter Ended September 30, 2001**

*(In Thousands Except Percentages)*

	Domestic		International		Total	
	2001	2000	2001	2000	2001	2000
Revenues	\$134,200	\$132,290	\$47,212	\$47,827	\$181,412	\$180,117
Compensation & Benefits	84,269	79,689	31,245	31,069	115,514	110,758
<i>% of Revenues</i>	62.8%	60.2%	66.2%	65.0%	63.7%	61.5%
Expenses Other than Compensation & Benefits	40,048	38,760	13,098	12,947	53,146	51,707
<i>% of Revenues</i>	29.8%	29.3%	27.7%	27.0%	29.3%	28.7%
Operating Income (1)	\$9,883	\$13,841	\$2,869	\$3,811	\$12,752	\$17,652
<i>% of Revenues</i>	7.4%	10.5%	6.1%	8.0%	7.0%	9.8%

(1) Income before amortization of goodwill, net corporate interest, and taxes.



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**CRAWFORD & COMPANY**  
**CONDENSED COMPARATIVE BALANCE SHEETS**  
**September 30, 2001 and December 31, 2000**  
*(In Thousands)*

<u>Assets</u>	<u>September 30</u> <u>2001</u>	<u>December 31</u> <u>2000</u>
Current Assets:		
Cash and Cash Equivalents	\$14,783	\$22,136
Accounts Receivable, Net	147,201	137,378
Unbilled Revenues	92,672	87,067
Prepaid Expenses and Other Current Assets	16,905	17,144
Total Current Assets	<u>271,561</u>	<u>263,725</u>
Property and Equipment, at Cost	150,331	149,842
Less Accumulated Depreciation	<u>(111,588)</u>	<u>(107,045)</u>
Net Property and Equipment	<u>38,743</u>	<u>42,797</u>
Other Assets	<u>156,101</u>	<u>151,829</u>
Total Assets	<u><u>\$466,405</u></u>	<u><u>\$458,351</u></u>
 <b>Liabilities and Shareholders' Investment</b>		
Current Liabilities:		
Short-Term Borrowings	\$40,319	\$44,420
Accounts Payable	28,354	25,628
Accrued Liabilities	77,843	64,022
Deferred Revenues	22,062	23,353
Current Installments of Long-Term Debt	205	216
Total Current Liabilities	<u>168,783</u>	<u>157,639</u>
Noncurrent Liabilities	<u>79,079</u>	<u>82,945</u>
Shareholders' Investment:		
Class A Common Stock, \$1.00 Par Value	23,843	23,754
Class B Common Stock, \$1.00 Par Value	24,697	24,697
Retained Earnings	187,698	183,664
Accumulated Other Comprehensive Income	<u>(17,695)</u>	<u>(14,348)</u>
Total Shareholders' Investment	<u>218,543</u>	<u>217,767</u>
Total Liabilities and Shareholders' Investment	<u><u>\$466,405</u></u>	<u><u>\$458,351</u></u>