



## Press Release

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

**FOR IMMEDIATE RELEASE**

**Date: October 22, 2002**  
**From: Grover L. Davis**  
**Chief Executive Officer**

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### Crawford Reports Third Quarter 2002 Results

Crawford & Company (NYSE: CRDA and CRDB) today announced its financial results for the third quarter and nine months ended September 30, 2002.

2002 third quarter revenues before reimbursements were \$175.9 million compared with \$181.4 million in the 2001 third quarter. Operating earnings (earnings before amortization of goodwill, net corporate interest and taxes) in the third quarter totaled \$10.1 million compared with \$12.8 million in the 2001 quarter. Net income was \$5.6 million, or \$0.11 per share, in the 2002 third quarter compared with \$6.7 million, or \$0.14 per share, in the 2001 quarter.

2002 third quarter net income per share was increased by \$0.01 per share due to the Company's adoption of Statement of Financial Accounting Standard 142, "Goodwill and Other Intangible Assets." This change increased net income per share by \$0.04 for the current year-to-date period.

U.S. revenues before reimbursements were \$128.8 million in the third quarter of 2002 compared with \$134.2 million in the 2001 third quarter. Revenues from the insurance company market were \$65.7 million in the 2002 third quarter compared with \$72.7 million in the 2001 quarter. These results reflect a continued softening in the Company's U.S. insurance company referrals for high frequency, low severity claims and lower catastrophic claim referrals in the current quarter. Revenues from self-insured clients were \$47.4 million in the 2002 third quarter compared with \$48.8 million in the 2001 period. Class action services revenues grew to \$15.7 million during the 2002 third quarter, compared with \$12.7 million in the comparable 2001 period.



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2002 third quarter international revenues before reimbursements were \$47.1 million, down slightly from \$47.2 million for the same period in 2001. The Company continues to experience declining claim volumes in the United Kingdom, which have offset higher claim referrals within the Company's other international regions in the current year quarter. During the 2002 third quarter, the U.S. dollar weakened significantly against the British Pound and the Euro, resulting in a net exchange rate benefit in the quarter. Excluding the benefit of exchange rate fluctuations, international revenues would have been \$45.7 million in the 2002 third quarter.

Mr. Grover L. Davis, chief executive officer of Crawford & Company, stated, "Continued softening in U.S. insurance company referrals for high-frequency, low-severity claims and lower catastrophic claim referrals impacted U.S. revenues and resulted in an 18% decline in cases received in the U.S. Conservative underwriting, increases in policy deductibles and mild weather contributed to an industry-wide decline in property and casualty claims frequency. On a more positive note, we successfully reduced our cost of services, which declined 2% despite a \$2.6 million increase in pension expense in the quarter. Excluding pension expense, our cost of services declined approximately 4% during the 2002 third quarter. On a sequential basis, we reduced our third quarter operating costs by nearly \$3.4 million compared to the 2002 second quarter, achieving our previously announced goal of reducing our operating costs by \$1.0 million per month."

Total revenues before reimbursements for the nine months ended September 30, 2002 were \$525.7 million compared with \$547.4 million in 2001. Operating earnings (before nonrecurring credit in the 2002 first quarter) through September 30, 2002 totaled \$26.9 million compared with \$44.6 million in 2001. Net income for the period totaled \$18.7 million, or \$0.38 per share, compared with \$23.6 million, or \$0.49 per share, reported in the prior year.

Domestic revenues before reimbursements for the 2002 nine-month period were \$387.1 million compared with \$404.8 million in 2001. International revenues before reimbursements were \$138.6 million in 2002 compared with \$142.5 million during 2001. Excluding the adverse impact of exchange rate fluctuations due to the overall strength of the U.S. dollar during the year, international revenues would have totaled \$140.1 million for the current year-to-date period.



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Mr. Davis concluded, "We are extremely encouraged by the sequential improvement in our U.S. operating margin, which rose to 7.2% of revenues in the 2002 third quarter from 4.5% in the 2002 second quarter. This increase is a result of the benefits experienced from the cost reductions made in the U.S. during the current quarter, and occurred despite a nearly \$3.0 million decline in revenues from second quarter levels. However, our international operating margin declined from 6.2% of revenues in the 2002 second quarter to 1.9% in the third quarter. Third quarter 2002 Canadian revenues were \$1.1 million less than second quarter revenues due to a seasonal decline in claim referrals. We also incurred approximately \$450,000 in foreign currency exchange losses in our Latin American operations during the 2002 third quarter related to revaluations of U.S. dollar denominated debt that has subsequently been paid off. We expect our international operating margin to return to the 6% range in the fourth quarter, which should help us to achieve earnings per share next quarter in the range of \$0.10 - \$0.12."

Crawford & Company's conference call on Wednesday, October 23, 2002 at 3:00 P.M. EDT, to discuss its quarterly earnings and other developments, will be recorded and available for replay through October 30, 2002. You may dial 1-800-428-6051 (973-709-2089 international) to listen. The access code is 263978. Alternatively, please visit our web site at [www.crawfordandcompany.com](http://www.crawfordandcompany.com) for a live audio web cast.

Further information regarding the Company's financial position and operating results for the quarter ended September 30, 2002 is shown on the attached statements.

Based in Atlanta, Georgia, Crawford & Company ([www.crawfordandcompany.com](http://www.crawfordandcompany.com)) is the world's largest independent provider of claims management solutions to insurance companies and self-insured entities, with a global network of more than 700 offices in 67 countries. Major service lines include workers' compensation claims administration and healthcare management services, property and casualty claims management, class action services and risk management information services. The Company's shares are traded on the NYSE under the symbols CRDA and CRDB.



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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 ended September 30, 2002 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, 2001 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.

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>2002</u>	<u>2001</u>	<u>% Change</u>
Revenues:			
Revenues before Reimbursements	\$525,668	\$547,394	-4%
Reimbursements	<u>25,688</u>	<u>27,563</u>	-7%
Total Revenues	<u>551,356</u>	<u>574,957</u>	-4%
Costs and Expenses:			
Cost of Services before Reimbursements	398,420	409,630	-3%
Reimbursements	<u>25,688</u>	<u>27,563</u>	-7%
Cost of Services	<u>424,108</u>	<u>437,193</u>	-3%
Selling, General, and Administrative	100,326	93,204	8%
Nonrecurring Credit (1)	(6,000)	0	nm
Corporate Interest, net	3,565	3,584	-1%
Amortization of Goodwill	<u>0</u>	<u>2,605</u>	-100%
Total Costs and Expenses	<u>521,999</u>	<u>536,586</u>	-3%
Income Before Income Taxes	29,357	38,371	-23%
Income Taxes	<u>10,686</u>	<u>14,734</u>	-27%
Net Income	<u>\$18,671</u>	<u>\$23,637</u>	-21%
Net Income Per Share:			
Basic	<u>\$0.38</u>	<u>\$0.49</u>	-22%
Diluted	<u>\$0.38</u>	<u>\$0.49</u>	-22%
Weighted Average Shares Outstanding:			
Basic	<u>48,565</u>	<u>48,476</u>	
Diluted	<u>48,625</u>	<u>48,542</u>	

(1) Nonrecurring credit related to a payment from a former vendor in full settlement of a business dispute.

nm = not meaningful



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COMPARATIVE STATEMENTS OF INCOME**

*(In Thousands Except Per Share Data)*

<u>Quarter Ended September 30</u>	<u>2002</u>	<u>2001</u>	<u>% Change</u>
Revenues:			
Revenues before Reimbursements	\$175,912	\$181,412	-3%
Reimbursements	8,880	9,346	-5%
Total Revenues	<u>184,792</u>	<u>190,758</u>	-3%
Costs and Expenses:			
Cost of Services before Reimbursements	132,725	135,690	-2%
Reimbursements	8,880	9,346	-5%
Cost of Services	<u>141,605</u>	<u>145,036</u>	-2%
Selling, General, and Administrative	33,078	32,970	0%
Corporate Interest, net	1,246	1,088	15%
Amortization of Goodwill	0	858	-100%
Total Costs and Expenses	<u>175,929</u>	<u>179,952</u>	-2%
Income Before Income Taxes	8,863	10,806	-18%
Income Taxes	3,226	4,149	-22%
Net Income	<u>\$5,637</u>	<u>\$6,657</u>	-15%
Net Income Per Share:			
Basic	<u>\$0.11</u>	<u>\$0.14</u>	-21%
Diluted	<u>\$0.11</u>	<u>\$0.14</u>	-21%
Weighted Average Shares Outstanding:			
Basic	<u>48,607</u>	<u>48,476</u>	
Diluted	<u>48,649</u>	<u>48,566</u>	



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

**Nine Months Ended September 30, 2002**

*(In Thousands Except Percentages)*

	U.S.		International		Total	
	2002	2001	2002	2001	2002	2001
Revenues before Reimbursements	\$387,074	\$404,849	\$138,594	\$142,545	\$525,668	\$547,394
Compensation & Benefits	246,343	251,943	95,973	93,961	342,316	345,904
<i>% of Revenues</i>	<i>63.7%</i>	<i>62.2%</i>	<i>69.2%</i>	<i>65.9%</i>	<i>65.1%</i>	<i>63.2%</i>
Expenses Other than Reimbursements, Compensation & Benefits	119,311	119,665	37,119	37,265	156,430	156,930
<i>% of Revenues</i>	<i>30.8%</i>	<i>29.6%</i>	<i>26.8%</i>	<i>26.2%</i>	<i>29.8%</i>	<i>28.7%</i>
Operating Earnings (1)	\$21,420	\$33,241	\$5,502	\$11,319	\$26,922	\$44,560
<i>% of Revenues</i>	<i>5.5%</i>	<i>8.2%</i>	<i>4.0%</i>	<i>7.9%</i>	<i>5.1%</i>	<i>8.1%</i>

**Quarter Ended September 30, 2002**

*(In Thousands Except Percentages)*

	U.S.		International		Total	
	2002	2001	2002	2001	2002	2001
Revenues before Reimbursements	\$128,795	\$134,200	\$47,117	\$47,212	\$175,912	\$181,412
Compensation & Benefits	79,983	84,269	32,966	31,245	112,949	115,514
<i>% of Revenues</i>	<i>62.1%</i>	<i>62.8%</i>	<i>69.9%</i>	<i>66.2%</i>	<i>64.3%</i>	<i>63.7%</i>
Expenses Other than Reimbursements, Compensation & Benefits	39,575	40,048	13,279	13,098	52,854	53,146
<i>% of Revenues</i>	<i>30.7%</i>	<i>29.8%</i>	<i>28.2%</i>	<i>27.7%</i>	<i>30.0%</i>	<i>29.3%</i>
Operating Earnings (1)	\$9,237	\$9,883	\$872	\$2,869	\$10,109	\$12,752
<i>% of Revenues</i>	<i>7.2%</i>	<i>7.4%</i>	<i>1.9%</i>	<i>6.1%</i>	<i>5.7%</i>	<i>7.0%</i>

(1) Earnings before nonrecurring credit, amortization of goodwill, net corporate interest, and taxes.



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**CRAWFORD & COMPANY**  
**CONDENSED COMPARATIVE BALANCE SHEETS**  
**September 30, 2002 and December 31, 2001**  
*(In Thousands)*

<u>Assets</u>	<u>September 30</u> <u>2002</u>	<u>December 31</u> <u>2001</u>
Current Assets:		
Cash and Cash Equivalents	\$22,052	\$21,966
Accounts Receivable, Net	141,347	139,380
Unbilled Revenues	100,456	88,399
Prepaid Expenses and Other Current Assets	14,261	11,539
Total Current Assets	<u>278,116</u>	<u>261,284</u>
Property and Equipment, at Cost	145,589	146,626
Less Accumulated Depreciation	<u>(107,974)</u>	<u>(107,898)</u>
Net Property and Equipment	<u>37,615</u>	<u>38,728</u>
Other Assets	<u>151,771</u>	<u>131,403</u>
Total Assets	<u><u>\$467,502</u></u>	<u><u>\$431,415</u></u>
 <b>Liabilities and Shareholders' Investment</b>		
Current Liabilities:		
Short-Term Borrowings	\$41,516	\$36,440
Accounts Payable	30,164	31,275
Accrued Liabilities	77,012	67,723
Deferred Revenues	22,356	20,543
Current Installments of Long-Term Debt	859	326
Total Current Liabilities	<u>171,907</u>	<u>156,307</u>
Noncurrent Liabilities	<u>100,783</u>	<u>86,808</u>
Shareholders' Investment:		
Class A Common Stock, \$1.00 Par Value	23,925	23,843
Class B Common Stock, \$1.00 Par Value	24,697	24,697
Additional Paid-in Capital	523	27
Retained Earnings	188,843	186,683
Accumulated Other Comprehensive Loss	<u>(43,176)</u>	<u>(46,950)</u>
Total Shareholders' Investment	<u>194,812</u>	<u>188,300</u>
Total Liabilities and Shareholders' Investment	<u><u>\$467,502</u></u>	<u><u>\$431,415</u></u>