



# Crawford®

## Press Release

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

**FOR IMMEDIATE RELEASE**

**Date: January 31, 2005**  
**From: Thomas W. Crawford**  
**Chief Executive Officer**

---

### **Crawford Reports Increase in Fourth Quarter 2004 Revenues and Net Income**

Crawford & Company (NYSE: CRDA and CRDB), the world's largest independent provider of claims management solutions to insurance companies and self-insured entities, today announced its financial results for the fourth quarter ended December 31, 2004.

Fourth quarter 2004 revenues before reimbursements totaled \$205.8 million, up 18% over the \$175.1 million reported in the 2003 fourth quarter. Fourth quarter 2004 net income grew to \$7.7 million from \$2.1 million in the 2003 fourth quarter. Fourth quarter 2004 net income per share rose to \$0.16 per share from \$0.04 per share in the prior-year quarter. Operating earnings (earnings before special credit/charge, net corporate interest, and taxes) more than doubled in the 2004 fourth quarter, to \$13.2 million from \$4.8 million in the prior-year quarter.

U.S. revenues before reimbursements were \$135.8 million in the fourth quarter of 2004, increasing nearly 16% over the \$117.3 million reported in the 2003 fourth quarter. Revenues from the insurance company market were \$76.7 million in the 2004 fourth quarter compared with \$52.1 million in the 2003 period, reflecting a \$21.0 million increase in revenues generated by the Company's catastrophe adjusters in response to the hurricanes which struck the southeastern United States during the 2004 third quarter. Revenues provided by the Company's catastrophe adjusters totaled \$26.3 million in the 2004 fourth quarter compared to \$5.2 million in the prior-year period. Revenues from self-insured clients were \$37.9 million in the 2004 fourth quarter compared with \$42.1 million in the 2003 quarter, due primarily to a reduction in claim referrals from the Company's existing clients, only partially offset by new business gains. Class action services revenues, including administration and inspection services, declined 8% to \$21.1 million during the 2004 fourth quarter, compared with \$23.0 million in the 2003 fourth quarter. Class action services revenues can fluctuate depending on the timing of project awards.



**Crawford**<sup>®</sup>  
**Press Release**

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

Fourth quarter 2004 international revenues grew to \$70.1 million from \$57.9 million for the same period in 2003. This growth is partially due to foreign currency fluctuations. During the 2004 fourth quarter, the U.S. dollar weakened 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 \$65.5 million in the 2004 fourth quarter, reflecting growth in revenues on a constant dollar basis of 13.2%. This growth is due to an increase in revenues in the Caribbean region related to Hurricanes Francis, Ivan and Jeanne and a substantial increase in case referrals from recently awarded claims management agreements in the United Kingdom. International operating expenses increased by \$8.4 million in U.S. dollars, a 15.2% increase, and by 6.6% on a constant dollar basis.

Mr. Thomas W. Crawford, chief executive officer of Crawford & Company, stated, "During the fourth quarter, we continued to benefit from the sharp increase in property claims referred to us due to the hurricanes that hit Florida and other southeastern states during August and September. Claim referrals from the U.S. insurance company market were up nearly 23% during the 2004 fourth quarter. This surge in claims drove the highest quarterly revenues from our insurance company clients since the third quarter of 1998 and also contributed to the first year-over-year increase in total U.S. revenues since 2001. The growth in hurricane-related revenues helped to offset the declines in our class action and self-insured market revenues during the quarter."

"Our U.S. operating margin improved to 5.2% in the quarter, up from 2.1% in last year's fourth quarter, while our International operating margin surged to 8.8% from 4.1% in the 2003 fourth quarter. Hurricane-related claims in the U.S. and Caribbean region and strong case referrals, primarily as a result of recent client wins in our United Kingdom operation, contributed to the margin improvements. The substantial new business awarded to us in the United Kingdom during 2004 should help us to maintain healthy international operating margins in future quarters."

Total revenues before reimbursements for the year ended December 31, 2004 grew by just over 6%, to \$733.6 million from \$690.9 million in 2003. Operating earnings totaled \$32.4 million, up 8% over the \$30.0 million reported in 2003. Net income totaled \$25.2 million, or \$0.51 per share, compared with \$7.7 million, or \$0.16 per share in 2003. During the 2004 second quarter, the Company settled a tax credit refund claim with the Internal Revenue Service which increased net income by \$2.8 million, or \$0.06 per share. Net income in the 2004 third quarter includes a special credit of \$5.2 million, net of related income taxes, or \$0.11 per share, resulting from the sale of an undeveloped parcel of real estate during the quarter. Net income in the 2003 third quarter included an after-tax charge of \$8.0 million, or \$0.17 per share, under an agreement reached with the Department of Justice to resolve an investigation of the Company's billing practices.



**Crawford**<sup>®</sup>  
**Press Release**

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

U.S. revenues before reimbursements for full year 2004 were \$478.1 million, just over the \$471.8 million reported in 2003. Class action services revenues grew 16%, to a record \$86.4 million in 2004 from \$74.5 million reported in 2003. International revenues before reimbursements grew nearly 17%, to \$255.4 million in 2004 from \$219.1 million in 2003. Excluding the benefit of exchange rate fluctuations, international revenues would have been \$233.3 million in the current year, reflecting growth in revenues on a constant dollar basis of 6.5%. International operating expenses increased by \$31.5 million in U.S. dollars, a 14.8% increase, and by 4.5% on a constant dollar basis.

Mr. Crawford concluded, "We are very pleased with the growth in U.S. revenues during 2004, helped by the contribution of our catastrophe adjusters and record revenues in our class action services unit. But we know we have hard work in front of us to return the Company to a sustainable growth track. We have spent the last few months strengthening our leadership team and improving the quality of our service delivery. Our outlook for 2005 remains cautious, but we believe our continued focus on excellence in everything we do will ultimately pay off for us in top-line growth and improved operating margins. We've defined our critical objectives for 2005, largely focused on enhancing client satisfaction, and installed a management control program designed to improve our business planning process and management accountability throughout the Company."

The Company also announced that it is continuing to cooperate with the Office of the Attorney General of the State of New York in response to the subpoena received during the fourth quarter of 2004. The subpoena seeks various documents relating to the operations of the Company. At this point, the Company does not know the full scope or subject matter of the subpoena or any related investigation.

Crawford & Company's management will host a conference call with analysts on Monday, January 31, 2005 at 3:00 P.M. EST, to discuss its quarterly earnings and other developments. The call will be recorded and available for replay through February 7, 2005. You may dial 1-800-642-1687 (706-645-9291 international) to listen to the replay. The conference identification number is 3519958. 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, operating results, and cash flows for the quarter and year ended December 31, 2004 is shown on the attached statements. Operating earnings is one of the key performance measures used by the Company's senior management to evaluate the performance of its business and make resource allocation decisions. The Company believes this measure is useful to investors in that it allows them to evaluate its performance using the same criteria that management uses. Following is a reconciliation of consolidated net income to



# Crawford®

## Press Release

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

operating earnings and the related margins as a percentage of revenues before reimbursements for all periods presented:

	Quarter ended				Year ended			
	December 31, 2004	% Margin	December 31, 2003	% Margin	December 31, 2004	% Margin	December 31, 2003	% Margin
Net income	\$ 7,718	3.8%	\$ 2,088	1.2%	\$ 25,172	3.4%	\$ 7,662	1.1%
Add/(deduct):								
Special credit / charge	-	-	-	-	(8,573)	(1.2)	8,000	1.1
Net corporate interest	1,267	0.6	1,559	0.9	3,536	0.5	5,414	0.8
Income taxes	<u>4,205</u>	<u>2.0</u>	<u>1,195</u>	<u>0.7</u>	<u>12,251</u>	<u>1.7</u>	<u>8,964</u>	<u>1.3</u>
Operating earnings	<u>\$13,190</u>	<u>6.4%</u>	<u>\$ 4,842</u>	<u>2.8%</u>	<u>\$ 32,386</u>	<u>4.4%</u>	<u>\$ 30,040</u>	<u>4.3%</u>

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 63 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.

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 December 31, 2004 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/A for the year ended December 31, 2003 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.



**Crawford**  
Press Release

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

**CRAWFORD & COMPANY  
COMPARATIVE STATEMENTS OF INCOME**

*(In Thousands Except Per Share Data)*

<u>Year Ended December 31</u>	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Revenues:			
Revenues Before Reimbursements	\$733,567	\$690,933	6%
Reimbursements	78,095	77,077	1%
Total Revenues	<u>811,662</u>	<u>768,010</u>	6%
Costs and Expenses:			
Cost of Services Before Reimbursements	565,863	530,362	7%
Reimbursements	78,095	77,077	1%
Cost of Services	<u>643,958</u>	<u>607,439</u>	6%
Selling, General, and Administrative	135,318	130,531	4%
Special (Credit)/Charge (1)	(8,573)	8,000	nm
Corporate Interest, Net	3,536	5,414	-35%
Total Costs and Expenses	<u>774,239</u>	<u>751,384</u>	3%
Income Before Income Taxes	37,423	16,626	125%
Income Taxes	12,251	8,964	37%
Net Income	<u>\$25,172</u>	<u>\$7,662</u>	229%
Net Income Per Share:			
Basic	<u>\$0.52</u>	<u>\$0.16</u>	225%
Diluted	<u>\$0.51</u>	<u>\$0.16</u>	219%
Weighted Average Shares Outstanding:			
Basic	<u>48,773</u>	<u>48,668</u>	
Diluted	<u>48,996</u>	<u>48,776</u>	

nm = not meaningful

(1) Special credit is a pretax gain related to the sale of an undeveloped parcel of real estate. Special charge is an after-tax fine related to the settlement of a Department of Justice investigation.



**Crawford**  
Press Release

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

**CRAWFORD & COMPANY  
COMPARATIVE STATEMENTS OF INCOME**

*(In Thousands Except Per Share Data)*

<u>Quarter Ended December 31</u>	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Revenues:			
Revenues Before Reimbursements	\$205,826	\$175,131	18%
Reimbursements	17,059	21,399	-20%
Total Revenues	<u>222,885</u>	<u>196,530</u>	13%
Costs and Expenses:			
Cost of Services Before Reimbursements	158,264	135,090	17%
Reimbursements	17,059	21,399	-20%
Cost of Services	<u>175,323</u>	<u>156,489</u>	12%
Selling, General, and Administrative	34,372	35,199	-2%
Corporate Interest, Net	1,267	1,559	-19%
Total Costs and Expenses	<u>210,962</u>	<u>193,247</u>	9%
Income Before Income Taxes	11,923	3,283	263%
Income Taxes	4,205	1,195	252%
Net Income	<u>\$7,718</u>	<u>\$2,088</u>	270%
Net Income Per Share:			
Basic	<u>\$0.16</u>	<u>\$0.04</u>	300%
Diluted	<u>\$0.16</u>	<u>\$0.04</u>	300%
Weighted Average Shares Outstanding:			
Basic	<u>48,848</u>	<u>48,724</u>	
Diluted	<u>49,274</u>	<u>48,966</u>	

nm = not meaningful



**Crawford**  
Press Release

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

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

**Year Ended December 31, 2004**

*(In Thousands Except Percentages)*

	U.S.		International		Total	
	2004	2003	2004	2003	2004	2003
Revenues Before Reimbursements	\$478,137	\$471,847	\$255,430	\$219,086	\$733,567	\$690,933
Compensation & Benefits	295,152	292,357	177,159	152,950	472,311	445,307
<i>% of Revenues</i>	61.7%	62.0%	69.4%	69.8%	64.4%	64.5%
Expenses Other than Reimbursements, Compensation & Benefits	162,185	156,201	66,685	59,385	228,870	215,586
<i>% of Revenues</i>	33.9%	33.1%	26.1%	27.1%	31.2%	31.2%
Operating Earnings (1)	\$20,800	\$23,289	\$11,586	\$6,751	\$32,386	\$30,040
<i>% of Revenues</i>	4.4%	4.9%	4.5%	3.1%	4.4%	4.3%

**Quarter Ended December 31, 2004**

*(In Thousands Except Percentages)*

	U.S.		International		Total	
	2004	2003	2004	2003	2004	2003
Revenues Before Reimbursements	\$135,765	\$117,263	\$70,061	\$57,868	\$205,826	\$175,131
Compensation & Benefits	85,742	70,986	47,396	40,055	133,138	111,041
<i>% of Revenues</i>	63.2%	60.5%	67.6%	69.2%	64.7%	63.4%
Expenses Other than Reimbursements, Compensation & Benefits	42,964	43,806	16,534	15,442	59,498	59,248
<i>% of Revenues</i>	31.6%	37.4%	23.6%	26.7%	28.9%	33.8%
Operating Earnings (1)	\$7,059	\$2,471	\$6,131	\$2,371	\$13,190	\$4,842
<i>% of Revenues</i>	5.2%	2.1%	8.8%	4.1%	6.4%	2.8%

(1) Earnings before special credit/charge, net corporate interest, and taxes.



**Crawford**  
Press Release

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

**CRAWFORD & COMPANY**  
**CONSOLIDATED COMPARATIVE BALANCE SHEETS**  
**December 31, 2004 and December 31, 2003**

(In Thousands)

<u>Assets</u>	<u>December 31</u> <u>2004</u>	<u>December 31</u> <u>2003</u>
Current Assets:		
Cash and Cash Equivalents	\$43,571	\$45,805
Accounts Receivable, Net	176,187	142,273
Unbilled Revenues	103,586	101,557
Prepaid Expenses and Other Current Assets	21,363	13,028
Total Current Assets	<u>344,707</u>	<u>302,663</u>
Property and Equipment, at Cost	154,922	154,786
Less Accumulated Depreciation	<u>(120,079)</u>	<u>(117,618)</u>
Net Property and Equipment	<u>34,843</u>	<u>37,168</u>
Other Assets:		
Intangible Assets Arising from Acquisitions, Net	109,410	104,523
Capitalized Software Costs, Net	32,550	31,540
Deferred Income Tax Asset	32,172	28,505
Other	17,578	12,840
Total Other Assets	<u>191,710</u>	<u>177,408</u>
Total Assets	<u><u>\$571,260</u></u>	<u><u>\$517,239</u></u>
<b><u>Liabilities and Shareholders' Investment</u></b>		
Current Liabilities:		
Short-Term Borrowings	\$37,401	\$43,007
Accounts Payable	41,730	36,152
Accrued Liabilities	110,610	85,734
Deferred Revenues	22,682	19,172
Current Installments of Long-Term Debt	1,776	3,106
Total Current Liabilities	<u>214,199</u>	<u>187,171</u>
Noncurrent Liabilities:		
Long-Term Debt, Less Current Installments	50,999	50,664
Deferred Revenues	10,179	10,559
Self-Insured Risks	10,958	11,920
Postretirement Medical Benefit Obligation	5,544	6,077
Minimum Pension Liability	73,893	67,846
Other	10,655	10,408
Total Noncurrent Liabilities	<u>162,228</u>	<u>157,474</u>
Shareholders' Investment:		
Class A Common Stock, \$1.00 Par Value	24,157	24,027
Class B Common Stock, \$1.00 Par Value	24,697	24,697
Additional Paid-in Capital	1,441	840
Retained Earnings	201,213	187,747
Accumulated Other Comprehensive Loss	<u>(56,675)</u>	<u>(64,717)</u>
Total Shareholders' Investment	<u>194,833</u>	<u>172,594</u>
Total Liabilities and Shareholders' Investment	<u><u>\$571,260</u></u>	<u><u>\$517,239</u></u>



**Crawford**  
Press Release

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

**CRAWFORD & COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**December 31, 2004 and December 31, 2003**  
*(In Thousands)*

	<u>2004</u>	<u>2003</u>
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$25,172	\$7,662
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	18,177	16,642
Deferred Income Taxes	(2,304)	1,603
(Gain) Loss on Sales of Land, Property and Equipment	(7,800)	54
Changes in Operating Assets and Liabilities, Net of Effects of Acquisitions:		
Accounts Receivable, Net	(30,726)	18
Unbilled Revenues	3,191	1,042
Accrued or Prepaid Income Taxes	15,111	(4,640)
Accounts Payable and Accrued Liabilities	13,837	1,383
Deferred Revenues	2,947	345
Prepaid and Accrued Pension Costs	1,647	5,600
Prepaid Expenses and Other Assets	(3,531)	7,766
Net Cash Provided by Operating Activities	<u>35,721</u>	<u>37,475</u>
<b>Cash Flows From Investing Activities:</b>		
Acquisitions of Property and Equipment, Net	(10,416)	(10,763)
Capitalization of Computer Software Costs	(7,574)	(12,681)
Proceeds from Sale of Undeveloped Land	2,028	-
Acquisitions of Businesses, Net of Cash Acquired	(617)	(551)
Net Cash Used in Investing Activities	<u>(16,579)</u>	<u>(23,995)</u>
<b>Cash Flows From Financing Activities:</b>		
Dividends Paid	(11,708)	(11,682)
Proceeds from Exercise of Stock Options	731	419
(Decrease) Increase in Short-Term Borrowings	(9,946)	6,696
Decrease in Long-Term Debt	(1,346)	(701)
Capitalized Loan Costs	61	891
Net Cash Used in Financing Activities	<u>(22,208)</u>	<u>(4,377)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	832	1,768
(Decrease) Increase in Cash and Cash Equivalents	(2,234)	10,871
Cash and Cash Equivalents at Beginning of Period	45,805	34,934
Cash and Cash Equivalents at End of Period	<u>\$43,571</u>	<u>\$45,805</u>