



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

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

**FOR IMMEDIATE RELEASE**

**Date: July 25, 2005**  
**From: Thomas W. Crawford**  
**Chief Executive Officer**

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**Crawford Reports Second Quarter 2005 Results**

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 second quarter ended June 30, 2005.

Second quarter 2005 revenues before reimbursements totaled \$186.0 million compared with \$172.0 million in the 2004 second quarter. Second quarter 2005 net income was \$2.7 million compared to \$5.5 million for the 2004 second quarter. Second quarter 2005 net income per share was \$0.05 per share compared to \$0.11 in the prior-year quarter. 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. Operating earnings (earnings before net corporate interest and income taxes) in the 2005 second quarter totaled \$5.5 million compared with \$5.7 million in the prior year quarter.

U.S. revenues before reimbursements were \$114.4 million in the second quarter of 2005, growing over 4% from \$109.6 million in the 2004 second quarter. Revenues from the insurance company market were \$48.2 million in the 2005 second quarter compared with \$48.4 million in the 2004 period. A decline in the Company's U.S. insurance company referrals for high-frequency, low-severity claims in the current quarter was substantially offset by the referral of higher value claims. Revenues from self-insured clients were \$38.6 million in the 2005 second quarter compared with \$40.3 million in the 2004 quarter, due primarily to a reduction in claim referrals from the Company's existing clients, only partially offset by net new business gains. Class action services revenues were \$27.6 million for the 2005 second quarter, compared with \$20.9 million in the comparable 2004 quarter. These revenues can fluctuate based on the timing and size of project awards.

Second quarter 2005 international revenues grew to \$71.6 million from \$62.4 million for the same period in 2004, reflecting growth in revenues on a constant dollar basis of 9.0%, on an 11.3% increase in claim referrals. Compared to the 2004 second quarter, during the 2005 second quarter the U.S. dollar weakened against the British pound and the euro, resulting in a net exchange rate benefit in the



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quarter. Excluding the benefit of exchange rate fluctuations, international revenues would have been \$68.0 million in the 2005 second quarter. International operating expenses increased by \$7.4 million in U.S. dollars, a 12.3% increase, and by 6.4% on a constant dollar basis.

Mr. Thomas W. Crawford, chief executive officer of Crawford & Company, stated, “Strong revenue growth in our class action services unit during the current quarter, where we reported record quarterly revenues as a result of work commenced on several large projects, was offset by revenue declines in both the insurance company and self-insured markets in the U.S.”

“While we were pleased by the overall growth in our top line, we continue to face challenges in the U.S. property and casualty market, as reflected by a decline in our U.S. operating margin from 3.5% in last year’s second quarter to 1.6% in the current quarter. This decrease is due to declining claim referrals during the current quarter, investment spending we are making in support of our U.S. quality and training programs, and our decision to maintain our existing service capabilities in our U.S. field operations as we focus on growing our market share in the domestic property and casualty market. The growth in revenues in our class action services unit during the second quarter generated very strong operating margin growth within that unit. We currently have a record backlog in our class action services unit totaling \$40.0 million, which should provide growth in this unit’s revenues and operating earnings in future quarters.”

“Operating earnings in our international segment grew 94%, to \$3.7 million, reflecting an improvement in our operating margin, from 3.1% in the 2004 second quarter to 5.2% in the 2005 period. An increase in claim referrals, primarily as a result of recent client wins in our United Kingdom and European operations, as well as hurricane-related claims in the Caribbean region, contributed to this margin improvement. We remain confident that the substantial new business awarded to us during 2004 and 2005 will continue to provide solid growth in revenues and healthy international operating margins throughout 2005.”

Total revenues before reimbursements for the six months ended June 30, 2005 were \$370.3 million compared with \$341.9 million in 2004. Operating earnings totaled \$10.7 million in the 2005 period compared with \$10.8 million in 2004. Net income for the current six-month period totaled \$5.0 million, or \$0.10 per share, compared with \$7.9 million, or \$0.16 per share, reported in the prior year.

U.S. revenues before reimbursements for the 2005 six-month period were \$226.9 million compared with \$218.9 million in 2004. International revenues before reimbursements were \$143.5 million in the 2005 year-to-date period compared with \$123.0 million during 2004. Excluding the benefit of exchange rate fluctuations, international revenues would have been \$135.5 million in the current year-to-date period, reflecting growth in revenues on a constant dollar basis of 10.2%. International operating expenses increased by \$17.6 million in U.S. dollars, a 14.8% increase, and by 8.2% on a constant dollar basis.



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Mr. Crawford concluded, “Our operating cash flows for the 2005 six-month period reflect an improvement of \$13.4 million as compared to the prior-year period. This improvement is due to the collection of accounts receivable generated from hurricane-related claims administered in 2004 and 2005, as well as strong collections in our class action services unit. In addition, our investing cash flows reflect the receipt of the final installment of \$7.6 million related to the September 2004 sale of an undeveloped parcel of real estate. Overall, our consolidated cash position as of June 30, 2005 is sound, totaling \$43.6 million, up \$20.5 million from the \$23.1 million reported at June 30, 2004.”

Crawford & Company’s management will host a conference call with analysts on Monday, July 25, 2005 at 3:00 P.M. EDT, to discuss its quarterly earnings and other developments. The call will be recorded and available for replay through August 1, 2005. You may dial 1-800-642-1687 (706-645-9291 international) to listen to the replay. The access code is 7810341. 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 ended June 30, 2005 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 on a GAAP basis to operating earnings and the related margins as a percentage of revenues before reimbursements for all periods presented:

	Quarter ended				Six months ended			
	June 30, 2005	% Margin	June 30, 2004	% Margin	June 30, 2005	% Margin	June 30, 2004	% Margin
Net income	\$2,681	1.5%	\$5,540	3.2%	\$ 5,042	1.4%	\$ 7,929	2.3%
Add/(deduct):								
Net corporate interest	1,355	0.7	(534)	(0.3)	2,882	0.8	803	0.3
Income taxes	<u>1,470</u>	<u>0.8</u>	<u>725</u>	<u>0.4</u>	<u>2,763</u>	<u>0.7</u>	<u>2,093</u>	<u>0.6</u>
Operating earnings	<u>\$5,506</u>	<u>3.0%</u>	<u>\$5,731</u>	<u>3.3%</u>	<u>\$10,687</u>	<u>2.9%</u>	<u>\$10,825</u>	<u>3.2%</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.



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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 and six month periods ended June 30, 2005 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, 2004 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**  
**CONSOLIDATED COMPARATIVE STATEMENTS OF INCOME**

*(In Thousands Except Per Share Data)*

<u>Six Months Ended June 30</u>	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Revenues:			
Revenues Before Reimbursements	\$370,336	\$341,871	8%
Reimbursements	<u>36,088</u>	<u>29,398</u>	23%
Total Revenues	<u>406,424</u>	<u>371,269</u>	9%
Costs and Expenses:			
Cost of Services Before Reimbursements	292,254	263,260	11%
Reimbursements	<u>36,088</u>	<u>29,398</u>	23%
Cost of Services	<u>328,342</u>	<u>292,658</u>	12%
Selling, General, and Administrative	67,395	67,786	-1%
Corporate Interest Expense, Net	<u>2,882</u>	<u>803</u>	259%
Total Costs and Expenses	<u>398,619</u>	<u>361,247</u>	10%
Income Before Income Taxes	7,805	10,022	-22%
Income Taxes	<u>2,763</u>	<u>2,093</u>	32%
Net Income	<u>\$5,042</u>	<u>\$7,929</u>	-36%
Net Income Per Share:			
Basic	<u>\$0.10</u>	<u>\$0.16</u>	-38%
Diluted	<u>\$0.10</u>	<u>\$0.16</u>	-38%
Weighted Average Shares Outstanding:			
Basic	<u>48,878</u>	<u>48,724</u>	
Diluted	<u>49,388</u>	<u>48,836</u>	



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CONSOLIDATED COMPARATIVE STATEMENTS OF INCOME**

*(In Thousands Except Per Share Data)*

<u>Quarter Ended June 30</u>	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Revenues:			
Revenues Before Reimbursements	\$186,002	\$172,016	8%
Reimbursements	20,779	14,517	43%
Total Revenues	<u>206,781</u>	<u>186,533</u>	11%
Costs and Expenses:			
Cost of Services Before Reimbursements	147,335	132,135	12%
Reimbursements	20,779	14,517	43%
Cost of Services	<u>168,114</u>	<u>146,652</u>	15%
Selling, General, and Administrative	33,161	34,150	-3%
Corporate Interest Expense, Net	1,355	(534)	-354%
Total Costs and Expenses	<u>202,630</u>	<u>180,268</u>	12%
Income Before Income Taxes	4,151	6,265	-34%
Income Taxes	1,470	725	103%
Net Income	<u>\$2,681</u>	<u>\$5,540</u>	-52%
Net Income Per Share:			
Basic	<u>\$0.05</u>	<u>\$0.11</u>	-55%
Diluted	<u>\$0.05</u>	<u>\$0.11</u>	-55%
Weighted Average Shares Outstanding:			
Basic	<u>48,884</u>	<u>48,724</u>	
Diluted	<u>49,391</u>	<u>48,796</u>	



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### CRAWFORD & COMPANY SUMMARY RESULTS BY OPERATING SEGMENT Six Months Ended June 30, 2005

(In Thousands Except Percentages)

	U.S.		International		Total	
	2005	2004	2005	2004	2005	2004
Revenues Before Reimbursements	\$226,861	\$218,906	\$143,475	\$122,965	\$370,336	\$341,871
Compensation & Benefits	146,316	136,474	100,467	85,237	246,783	221,711
<i>% of Revenues</i>	64.5%	62.3%	70.0%	69.4%	66.6%	64.8%
Expenses Other than Reimbursements, Compensation & Benefits	76,899	75,714	35,967	33,621	112,866	109,335
<i>% of Revenues</i>	33.9%	34.6%	25.1%	27.3%	30.5%	32.0%
Operating Earnings (1)	\$3,646	\$6,718	\$7,041	\$4,107	\$10,687	\$10,825
<i>% of Revenues</i>	1.6%	3.1%	4.9%	3.3%	2.9%	3.2%

### Quarter Ended June 30, 2005

(In Thousands Except Percentages)

	U.S.		International		Total	
	2005	2004	2005	2004	2005	2004
Revenues Before Reimbursements	\$114,354	\$109,593	\$71,648	\$62,423	\$186,002	\$172,016
Compensation & Benefits	74,200	67,606	49,922	42,832	124,122	110,438
<i>% of Revenues</i>	64.9%	61.7%	69.6%	68.6%	66.7%	64.2%
Expenses Other than Reimbursements, Compensation & Benefits	38,344	38,161	18,030	17,686	56,374	55,847
<i>% of Revenues</i>	33.5%	34.8%	25.2%	28.3%	30.3%	32.5%
Operating Earnings (1)	\$1,810	\$3,826	\$3,696	\$1,905	\$5,506	\$5,731
<i>% of Revenues</i>	1.6%	3.5%	5.2%	3.1%	3.0%	3.3%

(1) Earnings before net corporate interest expense and income taxes.



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**CRAWFORD & COMPANY**  
**CONSOLIDATED COMPARATIVE BALANCE SHEETS**  
**June 30, 2005 and December 31, 2004**  
*(In Thousands)*

<b>Assets</b>	<b>June 30 2005</b>	<b>December 31 2004</b>
Current Assets:		
Cash and Cash Equivalents	\$43,555	\$43,571
Accounts Receivable, Net	175,207	176,187
Unbilled Revenues	102,785	103,586
Prepaid Expenses and Other Current Assets	14,754	21,363
<b>Total Current Assets</b>	<b>336,301</b>	<b>344,707</b>
Property and Equipment, at Cost	152,272	154,922
Less Accumulated Depreciation	(116,176)	(120,079)
<b>Net Property and Equipment</b>	<b>36,096</b>	<b>34,843</b>
Other Assets:		
Intangible Assets Arising from Acquisitions, Net	110,240	109,410
Capitalized Software Costs, Net	31,982	32,550
Deferred Income Tax Asset	32,157	32,172
Other	18,427	17,578
<b>Total Other Assets</b>	<b>192,806</b>	<b>191,710</b>
<b>Total Assets</b>	<b>\$565,203</b>	<b>\$571,260</b>
<b>Liabilities and Shareholders' Investment</b>		
Current Liabilities:		
Short-Term Borrowings	\$38,912	\$37,401
Accounts Payable	43,216	41,730
Accrued Liabilities	102,622	110,610
Deferred Revenues	20,402	22,682
Current Installments of Long-Term Debt	1,543	1,900
<b>Total Current Liabilities</b>	<b>206,695</b>	<b>214,323</b>
Noncurrent Liabilities:		
Long-Term Debt, Less Current Installments	50,950	50,875
Deferred Revenues	10,073	10,179
Self-Insured Risks	8,625	10,958
Postretirement Medical Benefit Obligation	5,544	5,544
Minimum Pension Liability	76,161	73,893
Other	10,379	10,655
<b>Total Noncurrent Liabilities</b>	<b>161,732</b>	<b>162,104</b>
Shareholders' Investment:		
Class A Common Stock, \$1.00 Par Value	24,189	24,157
Class B Common Stock, \$1.00 Par Value	24,697	24,697
Additional Paid-in Capital	1,719	1,441
Retained Earnings	200,389	201,213
Accumulated Other Comprehensive Loss	(54,218)	(56,675)
<b>Total Shareholders' Investment</b>	<b>196,776</b>	<b>194,833</b>
<b>Total Liabilities and Shareholders' Investment</b>	<b>\$565,203</b>	<b>\$571,260</b>



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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Six Months Ended June 30, 2005 and June 30, 2004**  
*(In Thousands)*

	<u>2005</u>	<u>2004</u>
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$5,042	\$7,929
Reconciliation of Net Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	9,631	9,044
Deferred Income Taxes	13	(90)
Loss on Sales of Property and Equipment, net	15	103
Stock-Based Compensation	99	-
Changes in Operating Assets and Liabilities, net of effects of acquisitions:		
Accounts Receivable, Net	2,891	(11,716)
Unbilled Revenues	2,664	(3,680)
Accrued or Prepaid Income Taxes	(5,373)	(86)
Accounts Payable and Accrued Liabilities	(1,328)	(9,063)
Deferred Revenues	(2,596)	2,626
Accrued Pension Costs	(1,745)	(1,664)
Prepaid Expenses and Other Assets	(1,416)	1,134
Net Cash Provided by (Used in) Operating Activities	<u>7,897</u>	<u>(5,463)</u>
<b>Cash Flows From Investing Activities:</b>		
Acquisitions of Property and Equipment, Net	(7,100)	(4,600)
Capitalization of Computer Software Costs	(2,626)	(3,120)
Proceeds from 2004 Sale of Undeveloped Land	7,562	-
Additional Payment for Prior Acquisitions	(90)	(479)
Net Cash Used in Investing Activities	<u>(2,254)</u>	<u>(8,199)</u>
<b>Cash Flows From Financing Activities:</b>		
Dividends Paid	(5,866)	(5,847)
Proceeds from Exercise of Stock Options	310	-
Increase (Decrease) in Short-Term Borrowings, Net	392	(3,403)
Decrease in Long-Term Debt and Capital Lease Obligations, Net	(975)	(300)
Capitalized Loan Costs	-	61
Net Cash Used in Financing Activities	<u>(6,139)</u>	<u>(9,489)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	480	436
Decrease in Cash and Cash Equivalents	(16)	(22,715)
Cash and Cash Equivalents at Beginning of Period	43,571	45,805
Cash and Cash Equivalents at End of Period	<u>\$43,555</u>	<u>\$23,090</u>