



**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: May 1, 2006**  
**From: Thomas W. Crawford**  
**Chief Executive Officer**

**Crawford Reports 140% Increase in First Quarter 2006 Earnings per Share**

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 first quarter ended March 31, 2006.

First quarter 2006 revenues before reimbursements grew to \$201.6 million from \$184.3 million in the 2005 first quarter. First quarter 2006 net income more than doubled to \$5.8 million compared to \$2.4 million for the 2005 first quarter. First quarter 2006 earnings per share were \$0.12 per share, up 140% compared to \$0.05 in the 2005 quarter.

Revenues before reimbursements, by market type, for the Company’s operating segments for the quarter ended March 31, 2006 and 2005 were as follows (in 000’s):

<u>Market Type</u>	<u>Quarter ended</u>		
	<u>March 31, 2006</u>	<u>March 31, 2005</u>	<u>% Change</u>
Insurance companies	\$ 61,515	\$ 53,979	14.0%
Self-insured entities	36,841	39,340	(6.4)%
Legal settlement administration	<u>32,750</u>	<u>19,188</u>	70.7%
U.S. Segment	131,106	112,507	16.5%
International Segment	<u>70,500</u>	<u>71,827</u>	(1.8)%
Total revenues before reimbursements	<u>\$201,606</u>	<u>\$184,334</u>	9.4%

U.S. revenues before reimbursements were \$131.1 million in the first quarter of 2006, increasing 16.5% over the \$112.5 million reported in the 2005 first quarter. Revenues from the insurance company market grew 14% in the 2006 quarter, to \$61.5 million, due to an increase in storm-related revenues in the Company’s catastrophe, property central and technical services units. Revenues from self-insured clients were \$36.8 million in the 2006 first quarter, declining 6.4% from \$39.3 million in the 2005 quarter. Legal settlement administration revenues were \$32.8 million for the 2006 first quarter, increasing 70.7% as compared with \$19.2 million in the comparable year-ago quarter. The Company’s legal settlement administration revenues are project-based and can fluctuate significantly. However, the



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Company continues to enjoy a strong backlog of projects awarded, totaling approximately \$35.6 million at quarter end.

First quarter 2006 international revenues before reimbursements declined to \$70.5 million from \$71.8 million for the same period in 2005. During the 2006 first quarter, the U.S. dollar strengthened against the British pound and the euro, resulting in a net exchange rate decline in the quarter. Excluding the negative effect of exchange rate fluctuations, international revenues would have been \$73.6 million in the 2006 first quarter, reflecting growth in revenues on a constant dollar basis of 2.4%. This growth reflects increased revenues in our European and United Kingdom operations resulting from claims management agreements entered into during 2005, partially offset by lower storm-related revenues in the Caribbean and Asia-Pacific regions during the 2006 period. International operating expenses increased by \$332,000 in U.S. dollars, a 0.5% increase, and increased by 4.2% on a constant dollar basis.

Mr. Thomas W. Crawford, chief executive officer of Crawford & Company, stated, “Our U.S. operations benefited from the continued strong performance of our legal settlement administration unit and considerable improvement in our U.S. property and casualty operations. Revenues produced by our catastrophe adjusters in the quarter grew by \$4.8 million to \$11.4 million, as we continued to handle claims associated with hurricanes Katrina, Rita and Wilma. Our solid results in these areas helped us achieve a 500 basis point improvement in our U.S. operating margin during the 2006 first quarter, from 1.6% in the 2005 first quarter to 6.6% in 2006.”

“Operating earnings in our international segment declined to \$1.7 million in the current quarter, reflecting a decrease in our operating margin from 4.7% in the 2005 first quarter to 2.4% in the 2006 quarter. This decline is primarily due to a lower level of storm-related claim activity in our Caribbean and Asia-Pacific regions during the 2006 quarter as compared to the 2005 period. For the balance of 2006, as we move past the weather-related surge in international claims activity in 2005, we expect to see continued growth and margin improvement in our international division.”

Mr. Crawford concluded, “Our operating cash flows for the 2006 first quarter reflect a substantial improvement of \$18.0 million as compared to the 2005 period. This improvement is primarily due to improved collections within our legal settlement administration unit, the collection of accounts receivable generated from the hurricane-related claims administered in the 2005 fourth quarter and lower tax payments during the 2006 quarter. Overall, our consolidated cash position as of March 31, 2006 is very strong, totaling \$50.2 million, up over \$24 million from the \$25.6 million reported at March 31, 2005.”



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Crawford & Company reaffirmed the following guidance for fiscal 2006:

- Revenues before reimbursements of between \$465 million and \$475 million in U.S. operations and operating earnings of between \$9.5 million and \$12.5 million.
- Revenues before reimbursements of between \$300 million and \$310 million in international operations and operating earnings of between \$16 million and \$18 million.
- After reflecting stock option expense, net corporate interest expense and income taxes, net income of between \$12.3 million and \$15.8 million, or \$0.25 to \$0.32 per share.

Crawford & Company's management will host a conference call with analysts on Monday, May 1, 2006 at 3:00 P.M. EDT, to discuss its quarterly earnings and other developments. The call will be recorded and available for replay through May 8, 2006. You may dial 1-800-642-1687 (706-645-9291 international) to listen to the replay. The access code is 8225549. 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 March 31, 2006 is shown on the attached statements. Operating earnings and the related operating margins (non-GAAP financial measures) are key performance measures used by the Company's senior management to evaluate the performance of its operating segments and make resource allocation decisions. Operating expenses used in the determination of operating earnings exclude stock option expense, net corporate interest expense and income taxes. The Company believes this measure is useful to investors in that it allows them to evaluate its operating performance using the same criteria that management uses. Net corporate interest expense, stock option expense and income taxes are recurring components of net income, but they are not considered part of segment operating earnings since they are managed on a corporate-wide basis. Net corporate interest expense results from capital structure decisions made by the Company, stock option expense primarily relates to historically granted stock options and is a non-cash expense, and income taxes are based on statutory rates in effect in each of the locations where the Company provides services and vary throughout the world. None of these costs relates directly to the performance of the Company's services and are therefore excluded in order to accurately assess the results of segment operating activities on a consistent basis. Following is a reconciliation of segment operating earnings and the related operating margin to consolidated net income on a GAAP basis and the related margins as a percentage of revenues before reimbursements for all periods presented:



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	Quarter ended			
	<u>March 31, 2006</u>	<u>% Margin</u>	<u>March 31, 2005</u>	<u>% Margin</u>
U.S. operating earnings	\$8,631	6.6%	\$1,836	1.6%
International operating earnings	1,686	2.4	3,345	4.7
Deduct:				
Stock option expense	(266)	(0.1)	-	-
Net corporate interest	(998)	(0.5)	(1,527)	(0.8)
Income taxes	<u>(3,205)</u>	(1.6)	<u>(1,293)</u>	(0.7)
Net income	<u>\$5,848</u>	2.9	<u>\$2,361</u>	1.3

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 property and casualty claims management, integrated claims and medical management for workers' compensation, legal settlement administration, including class action and warranty inspections, 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 March 31, 2006 are not necessarily indicative of future prospects for the Company. Actual results in future quarters may differ materially. For a discussion regarding factors which could affect the Company's financial performance, see the Company's Form 10-K for the year ended December 31, 2005 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**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

Unaudited

*(In Thousands Except Per Share Data)*

<u>Quarter Ended March 31</u>	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Revenues:			
Revenues Before Reimbursements	\$201,606	\$184,334	9%
Reimbursements	20,066	15,309	31%
Total Revenues	<u>221,672</u>	<u>199,643</u>	11%
Costs and Expenses:			
Cost of Services Before Reimbursements	156,176	144,919	8%
Reimbursements	20,066	15,309	31%
Cost of Services	<u>176,242</u>	<u>160,228</u>	10%
Selling, General, and Administrative	35,379	34,234	3%
Corporate Interest Expense, net	998	1,527	-35%
Total Costs and Expenses	<u>212,619</u>	<u>195,989</u>	8%
Income Before Income Taxes	9,053	3,654	148%
Income Taxes	3,205	1,293	148%
Net Income	<u>\$5,848</u>	<u>\$2,361</u>	148%
Earnings Per Share - Basic and Diluted	<u>\$0.12</u>	<u>\$0.05</u>	140%
Weighted-Average Common Shares Used to Compute:			
Basic Earnings Per Share	<u>48,986</u>	<u>48,872</u>	
Diluted Earning Per Share	<u>49,306</u>	<u>49,381</u>	
Cash Dividends Per Share:			
Class A Common Stock	\$0.06	\$0.06	
Class B Common Stock	\$0.06	\$0.06	



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**CRAWFORD & COMPANY**  
**SUMMARY RESULTS BY OPERATING SEGMENT**  
**Quarters Ended March 31**  
Unaudited

*(In Thousands Except Percentages)*

	U.S.		%	International		%
	2006	2005	Change	2006	2005	Change
Revenues Before Reimbursements	<b>\$131,106</b>	\$112,507	16.5%	<b>\$70,500</b>	\$71,827	-1.8%
Compensation & Benefits	<b>80,768</b>	72,116	12.0%	<b>50,665</b>	50,545	0.2%
<i>% of Revenues</i>	<b>61.6%</b>	64.1%		<b>71.9%</b>	70.3%	
Expenses Other than Reimbursements,						
Compensation & Benefits	<b>41,707</b>	38,555	8.2%	<b>18,149</b>	17,937	1.2%
<i>% of Revenues</i>	<b>31.8%</b>	34.3%		<b>25.7%</b>	25.0%	
Total Operating Expenses	<b>122,475</b>	110,671	10.7%	<b>68,814</b>	68,482	0.5%
Operating Earnings (1)	<b>\$8,631</b>	\$1,836	370.1%	<b>\$1,686</b>	\$3,345	-49.6%
<i>% of Revenues</i>	<b>6.6%</b>	1.6%		<b>2.4%</b>	4.7%	

(1) A non-GAAP financial measurement which represents earnings before net corporate interest expense, stock option expense, and income taxes.



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**CRAWFORD & COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**March 31, 2006 and December 31, 2005**  
*(In Thousands)*

<u>Assets</u>	Unaudited March 31 <u>2006</u>	* December 31 <u>2005</u>
Current Assets:		
Cash and Cash Equivalents	\$50,201	\$49,441
Accounts Receivable, net	165,280	161,044
Unbilled Revenues	108,375	111,362
Prepaid Expenses and Other Current Assets	14,139	14,964
Total Current Assets	<u>337,995</u>	<u>336,811</u>
Property and Equipment, at Cost	139,869	150,008
Less Accumulated Depreciation	<u>(103,984)</u>	<u>(113,071)</u>
Net Property and Equipment	<u>35,885</u>	<u>36,937</u>
Other Assets:		
Intangible Assets Arising from Acquisitions, net	109,847	110,035
Capitalized Software Costs, net	34,466	33,068
Deferred Income Tax Asset	38,148	38,217
Other	16,863	16,596
Total Other Assets	<u>199,324</u>	<u>197,916</u>
Total Assets	<u><u>\$573,204</u></u>	<u><u>\$571,664</u></u>
 <u>Liabilities and Shareholders' Investment</u>		
Current Liabilities:		
Short-Term Borrowings	\$32,422	\$28,888
Accounts Payable	40,502	42,434
Accrued Liabilities	104,563	113,591
Deferred Revenues	21,058	19,608
Current Installments of Long-Term Debt and Capital Leases	6,008	6,441
Total Current Liabilities	<u>204,553</u>	<u>210,962</u>
Noncurrent Liabilities:		
Long-Term Debt and Capital Leases, Less Current Installments	45,792	45,810
Deferred Revenues	10,379	10,409
Self-Insured Risks	12,738	9,122
Postretirement Medical Benefit Obligation	4,460	4,569
Minimum Pension Liabilities	102,917	101,406
Other	10,245	10,355
Total Noncurrent Liabilities	<u>186,531</u>	<u>181,671</u>
Shareholders' Investment:		
Class A Common Stock, \$1.00 Par Value	24,294	24,293
Class B Common Stock, \$1.00 Par Value	24,697	24,697
Additional Paid-in Capital	7,031	6,311
Unearned Stock-Based Compensation	-	(37)
Retained Earnings	205,260	202,351
Accumulated Other Comprehensive Loss	<u>(79,162)</u>	<u>(78,584)</u>
Total Shareholders' Investment	<u>182,120</u>	<u>179,031</u>
Total Liabilities and Shareholders' Investment	<u><u>\$573,204</u></u>	<u><u>\$571,664</u></u>

\*Derived from the audited Consolidated Balance Sheet



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**CRAWFORD & COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Quarters Ended March 31, 2006 and March 31, 2005**  
Unaudited  
(In Thousands)

	<u>2006</u>	<u>2005</u>
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$5,848	\$2,361
Reconciliation of Net Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization Expenses	4,756	4,801
Stock-Based Compensation Expenses	757	63
Loss on Sales of Property and Equipment, net	56	31
Changes in Operating Assets and Liabilities:		
Accounts Receivable, net	(4,041)	(385)
Unbilled Revenues, net	3,140	2,554
Accrued or Prepaid Income Taxes	2,054	(5,679)
Accounts Payable and Accrued Liabilities	(5,999)	(12,435)
Deferred Revenues	1,486	499
Accrued Pension Costs	(1,937)	(3,903)
Prepaid Expenses and Other Assets	(127)	134
Net Cash Provided by (Used in) Operating Activities	<u>5,993</u>	<u>(11,959)</u>
<b>Cash Flows From Investing Activities:</b>		
Acquisitions of Property and Equipment, net	(2,579)	(2,862)
Capitalization of Computer Software Costs	(2,627)	(1,351)
Other Investing Activities	(350)	(90)
Net Cash Used in Investing Activities	<u>(5,556)</u>	<u>(4,303)</u>
<b>Cash Flows From Financing Activities:</b>		
Dividends Paid	(2,939)	(2,933)
Proceeds from Exercise of Stock Options	2	261
Increase in Short-Term Borrowings, net	3,553	1,070
Decrease in Long-Term Debt and Capital Lease Obligations, net	(459)	(513)
Net Cash Provided by (Used in) Financing Activities	<u>157</u>	<u>(2,115)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	166	444
Increase (Decrease) in Cash and Cash Equivalents	760	(17,933)
Cash and Cash Equivalents at Beginning of Period	49,441	43,571
Cash and Cash Equivalents at End of Period	<u>\$50,201</u>	<u>\$25,638</u>