SANMINA-SCI CORP
Form 8-K
April 24, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

April 24, 2007

Date of Report (Date of earliest event reported)

SANMINA-SCI CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**000-21272**	**77-0228183**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

2700 North First Street
San Jose, California 95134
(Address of principal executive offices)
(408) 964-3500
(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)) o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 24, 2007, Sanmina-SCI Corporation (the Company) issued a press release announcing financial results for its second fiscal quarter. The press release is furnished as Exhibit 99 to this Form 8-K.

Non-GAAP Financial Information

In the press release furnished as Exhibit 99, we present the following Non-GAAP financial measures: gross profit, gross margin, operating income, operating margin, net income (loss) and earnings (loss) per share. In computing each of these Non-GAAP financial measures, including those presented in the attached financial statements, we exclude charges or gains relating to: stock-based compensation expense, restructuring (including employee severance and benefits costs and charges related to excess facilities and assets), integration costs (consisting of costs associated with the integration of acquired businesses into our operations), amortization of intangible assets, loss on extinguishment of debt and other infrequent or unusual items, to the extent material, which we consider to be of a non-operational nature in the applicable period.

We have furnished these Non-GAAP financial measures because we believe they provide useful supplemental information to investors in that they eliminate certain financial items that are of a non-recurring, unusual or infrequent nature or are not related to the company s regular, ongoing business. Our management also uses this information internally for forecasting, budgeting and other analytical purposes. Therefore, the Non-GAAP financial measures enable investors to analyze the core financial and operating performance of the Company and to facilitate period-to-period comparisons and analysis of operating trends.

We provide earnings guidance only on a Non-GAAP basis due to the inherent uncertainties associated with forecasting the timing and amount of restructuring, impairment and other unusual and infrequent items.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

Exhibit No.	**Description**
Exhibit 99.1	Press Release issued by Sanmina-SCI Corporation on April 24, 2007 (furnished herewith)

The information in this report, including the exhibit hereto, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section. In addition, the information in this report shall not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

1

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

SANMINA-SCI CORPORATION

By:

/s/ David L. White
David L. White
Executive Vice President and
Chief Financial
Officer

Date: April 24, 2007

2

EXHIBIT INDEX

Exhibit No.	**Description**
Exhibit 99.1	Press Release issued by Sanmina-SCI Corporation on April 24, 2007

10px;">

Year Ended December 31,	2012	2011	2010
Cash Flows from Operating Activities:			
Net income	$49,754	$45,692	$28,776
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	32,796	31,818	30,599
Goodwill and intangible asset impairment charges	—	—	10,788
Arbitration award	—	(6,992)	—
Write-off of deferred financing costs on previous term loan	—	3,415	—
Deferred income taxes	19,355	(2,058)	2,710
Stock-based compensation costs	3,660	3,756	3,651
(Gain) loss on disposals of property and equipment, net	(136)	(143)	449
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Accounts receivable, net	(4,197)	(13,594)	(372)
Unbilled revenues, net	(18,725)	18,099	(28,384)
Accrued or prepaid income taxes	(628)	284	963
Accounts payable and accrued liabilities	28,853	(6,383)	35,861
Deferred revenues	1,290	1,443	(8,830)
Accrued retirement costs	(15,639)	(36,633)	(47,844)
Prepaid expenses and other operating activities	(3,530)	(2,028)	(2,200)
Net cash provided by operating activities	92,853	36,676	26,167
Cash Flows from Investing Activities:			
Acquisitions of property and equipment	(15,375)	(14,221)	(13,473)
Proceeds from disposals of property and equipment	47	417	51
Capitalization of computer software costs	(17,801)	(15,677)	(14,306)
Additional purchase price consideration for previous acquisition	—	—	(14,803)
Cash received in arbitration award	—	4,913	—
Payments for business acquisitions, net of cash acquired	(674)	(10,365)	—
Net cash used in investing activities	(33,803)	(34,933)	(42,531)
Cash Flows from Financing Activities:			
Cash dividends paid	(9,880)	(4,872)	—
Payments related to shares received for withholding taxes under stock-based compensation plans	(1,307)	(1,653)	(703)

Proceeds from shares purchased under employee stock-based compensation plans	520	602	477
Repurchases of common stock	(2,840)	—	—
Increase in short-term borrowings and revolving credit agreement	42,174	59,753	33,965
Payments on short-term borrowings and revolving credit agreement	(91,412)	(55,951)	(33,960)
Proceeds from long-term borrowings	—	248,254	50,575
Payments on capital lease obligations and long-term debt	(1,583)	(260,004)	(8,760)
Capitalized loan costs	(161)	(3,702)	(1,856)
Dividends paid to noncontrolling interests	(429)	(391)	(218)
Net cash (used in) provided by financing activities	(64,918)	(17,964)	39,520
Effects of exchange rate changes on cash and cash equivalents	(588)	294	30
(Decrease) Increase in Cash and Cash Equivalents	(6,456)	(15,927)	23,186
Cash and Cash Equivalents at Beginning of Year	77,613	93,540	70,354
Cash and Cash Equivalents at End of Year	$71,157	$77,613	$93,540

The accompanying notes are an integral part of these consolidated financial statements.

58

Table of Contents

CRAWFORD & COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT
(In thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shareholders' Investment Attributable to Shareholders of Crawford & Company	Noncontrolling Interests	Total Shareholders' Investment
	Class A Non-Voting	Class B Voting						
Balance at January 1, 2010	$27,355	$24,697	$29,570	$140,463	$(165,403)	$56,682	$4,604	$61,286
Net income	—	—	—	28,328	—	28,328	448	28,776
Other comprehensive income	—	—	—	—	1,081	1,081	287	1,368
Stock-based compensation	—	—	3,651	—	—	3,651	—	3,651
Shares issued in connection with stock-based compensation plans, net	647	—	(873)	—	—	(226)	—	(226)
Increase in value of noncontrolling interest due to the acquisition of a controlling interest	—	—	—	—	—	—	594	594
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(218)	(218)
Balance at December 31, 2010	28,002	24,697	32,348	168,791	(164,322)	89,516	5,715	95,231
Net income	—	—	—	45,404	—	45,404	288	45,692
Other comprehensive income (loss)	—	—	—	—	719	719	(796)	(77)
Cash dividends paid	—	—	—	(4,872)	—	(4,872)	—	(4,872)
Stock-based compensation	—	—	3,756	—	—	3,756	—	3,756
Shares issued in connection with stock-based compensation plans, net	1,084	—	(2,135)	—	—	(1,051)	—	(1,051)

Dividends paid to noncontrolling interests	—	—	—	—	—	—	(391)	(391)
Balance at December 31, 2011	29,086	24,697	33,969	209,323	(163,603)	133,472	4,816	138,288
Net income	—	—	—	48,888	—	48,888	866	49,754
Other comprehensive loss	—	—	—	—	(35,878)	(35,878)	(89)	(35,967)
Cash dividends paid	—	—	—	(9,880)	—	(9,880)	—	(9,880)
Stock-based compensation	—	—	3,660	—	—	3,660	—	3,660
Repurchases of common stock	(607)	(7)	—	(2,226)	—	(2,840)	—	(2,840)
Shares issued in connection with stock-based compensation plans, net	856	—	(1,643)	—	—	(787)	—	(787)
Change in noncontrolling interest due to acquisition of 100% of subsidiary	—	—	(436)	—	—	(436)	436	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(429)	(429)
Balance at December 31, 2012	$29,335	$24,690	$35,550	$246,105	$ (199,481)	$136,199	$ 5,600	$ 141,799

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Notes to Consolidated Financial Statements

1. Significant Accounting and Reporting Policies

Nature of Operations

Based in Atlanta, Georgia, Crawford & Company (the "Company") is the world's largest independent provider of claims management solutions to the risk management and insurance industry, as well as to self-insured entities, with an expansive global network serving clients in more than 70 countries. The Crawford System of Claims Solutions® offers comprehensive, integrated claims services, business process outsourcing and consulting services for major product lines including property and casualty claims management, workers' compensation claims and medical management, and legal settlement administration.

Shares of the Company's two classes of common stock are traded on the NYSE under the symbols CRDA and CRDB, respectively. The Company's two classes of stock are substantially identical, except with respect to voting rights and the Company's ability to pay greater cash dividends on the Class A Common Stock than on the Class B Common Stock, subject to certain limitations. In addition, with respect to mergers or similar transactions, holders of Class A Common Stock must receive the same type and amount of consideration as holders of Class B Common Stock, unless different consideration is approved by the holders of 75% of the Class A Common Stock, voting as a class. The Company's website is www.crawfordandcompany.com. The information contained on the Company's website is not a part of, and is not incorporated by reference into, this report.

Principles of Consolidation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") and include the accounts of the Company, its majority-owned subsidiaries, and variable interest entities in which the Company is deemed to be the primary beneficiary. Significant intercompany transactions are eliminated in consolidation. Financial results from the Company's subsidiaries outside of the U.S., Canada and the Caribbean are reported and consolidated on a two-month delayed basis in accordance with the provisions of Accounting Standards Codification ("ASC") 810, "Consolidation," in order to provide sufficient time for accumulation of their results. Accordingly, the Company's December 31, 2012, 2011, and 2010 consolidated financial statements include the financial position of such subsidiaries as of October 31, 2012 and 2011, respectively, and the results of those subsidiaries' operations and cash flows for the fiscal periods ended October 31, 2012, 2011, and 2010, respectively.

The Company uses the purchase method of accounting for all acquisitions where the Company is required to consolidate the acquired entity into the Company's financial statements. Results of operations of acquired businesses are included in the Company's consolidated results from the acquisition date.

The Company has controlling ownership interests in several entities that are not wholly-owned by the Company. The financial results and financial positions of these controlled entities are included in the Company's consolidated financial statements, including both the controlling interests and the noncontrolling interests. The noncontrolling interests represent the equity interests in these entities that are not attributable, either directly or indirectly, to the Company. Noncontrolling interests are reported as a separate component of the Company's Shareholders' Investment. On the Company's Consolidated Statements of Income, net income (or loss) is attributed to the controlling interests and the noncontrolling interests separately.

The Company consolidates the liabilities of its deferred compensation plan and the related assets, which are held in a rabbi trust and considered a variable interest entity ("VIE") of the Company. The rabbi trust was created to fund the liabilities of the Company's deferred compensation plan. The Company is considered the primary beneficiary of the rabbi trust because the Company directs the activities of the trust and can use the assets of the trust to satisfy the liabilities of the Company's deferred compensation plan. At December 31, 2012 and 2011, the liabilities of this deferred compensation plan were $10,327,000 and $9,835,000, respectively, which represented obligations of the Company rather than of the rabbi trust, and the values of the assets held in the related rabbi trust were $14,741,000 and $14,446,000, respectively. These liabilities and assets are included in "Other noncurrent liabilities" and "Other noncurrent assets" on the Company’s Consolidated Balance Sheets, respectively.

Table of Contents

Prior Year Reclassifications

The prior year presentation of deferred taxes has been revised to conform to the current year presentation. These changes were made to properly present net current and noncurrent deferred tax balances on a jurisdiction by jurisdiction basis in accordance with the provisions of ASC 740, "Income Taxes."

Management's Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Revenue Recognition

The Company's revenues are primarily comprised of claims processing or program administration fees and are generated from the Company's four operating segments.

Both the Americas segment and the EMEA/AP segment earn revenues by providing field investigation and evaluation of property and casualty claims for insurance companies and self-insured entities and by providing access to the Company-owned direct repair networks. The Company's Broadspire segment earns revenues by providing field investigation and claims evaluation of workers' compensation and liability claims, initial loss reporting services for its clients' claimants, loss mitigation services such as medical bill review, medical case management and vocational rehabilitation, administration of trust funds established to pay claims, and risk management information services. The Legal Settlement Administration segment earns revenues by providing administration services related to settlements of securities cases, product liability cases, Chapter 11 bankruptcy noticing and distribution, and other legal settlements by identifying and qualifying class members, determining and dispensing settlement payments, and administering settlement funds.

Fees for professional services are recognized in unbilled revenues at the time such services are rendered, at estimated collectible amounts. Substantially all unbilled revenues are billed within one year.

Deferred revenues represent the estimated unearned portion of fees derived from certain fixed-rate claim service agreements. The Company's fixed-fee service arrangements typically call for the Company to handle claims on either a one- or two-year basis, or for the lifetime of the claim. In cases where the claim is handled on a non-lifetime basis, an additional fee is typically received on each anniversary date that the claim remains open. For service arrangements where the Company provides services for the life of the claim, the Company receives only one fee for the life of the claim, regardless of the ultimate duration of the claim. Deferred revenues are recognized based on the estimated rate at which the services are provided. These rates are primarily based on a historical evaluation of actual claim durations by major line of coverage.

In the normal course of business, the Company incurs certain out-of-pocket expenses that are thereafter reimbursed by the Company's clients. Under GAAP, these out-of-pocket expenses and associated reimbursements are required to be included when reporting expenses and revenues, respectively, in the Company's consolidated results of operations. The amounts of reimbursed expenses and related revenues from reimbursements offset each other in the Company's consolidated statements of operations with no impact to its net income.

Intersegment sales are recorded at cost and are not material.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less. The fair value of cash and cash equivalents approximates carrying value due to their short-term nature. At December 31, 2012, cash and cash equivalents included time deposits of approximately $2,749,000 that were in financial institutions outside the U.S.

61

Table of Contents

Accounts Receivable and Allowance for Doubtful Accounts

The Company extends credit based on an evaluation of a client’s financial condition and, generally, collateral is not required. Accounts receivable are typically due upon receipt of the invoice and are stated on the Company’s Consolidated Balance Sheets at amounts due from clients net of an estimated allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The fair value of accounts receivable approximates carrying value due to their short-term contractual stipulations.

The Company maintains an allowance for doubtful accounts for estimated losses resulting primarily from the inability of clients to make required payments and for adjustments to invoiced amounts. Losses resulting from the inability of clients to make required payments are accounted for as bad debt expense, while adjustments to invoices are accounted for as reductions to revenue. These allowances are established using historical write-off information to project future experience and by considering the current creditworthiness of clients, any known specific collection problems, and an assessment of current industry and economic conditions. Actual experience may differ significantly from historical or expected loss results. The Company writes off accounts receivable when they become uncollectible, and any payments subsequently received are accounted for as recoveries. A summary of the activities in the allowance for doubtful accounts for the years ended December 31, 2012, 2011, and 2010 is as follows:

	2012	2011	2010
	(In thousands)		
Allowance for doubtful accounts, January 1	$10,615	$10,516	$11,983
Add/ (Deduct):			
Provision for bad debt expense	2,384	2,384	2,288
Write-offs, net of recoveries	(2,256)	(2,539)	(3,648)
Currency translation and other changes	(159)	169	(107)
Adjustments for acquired businesses	—	85	—
Allowance for doubtful accounts, December 31	$10,584	$10,615	$10,516

For the years ended December 31, 2012, 2011, and 2010, the Company’s adjustments to revenues associated with client invoice adjustments totaled $2,712,000, $3,124,000, and $2,669,000, respectively.

Goodwill, Indefinite-Lived Intangible Assets, and Other Long-Lived Assets

Goodwill is an asset that represents the excess of the purchase price over the fair value of the separately identifiable net assets (tangible and intangible) acquired in business combinations. Indefinite-lived intangible assets consist of trade names associated with acquired businesses. Other long-lived assets consist primarily of property and equipment, deferred income tax assets, capitalized software, and amortizable intangible assets related to customer relationships, technology, and trade names with finite lives. Goodwill and indefinite-lived intangible assets are not amortized, but are subject to impairment testing at least annually.

Subsequent to a business acquisition in which goodwill is recorded as an asset, post-acquisition accounting requires that goodwill be tested to determine whether there has been an impairment loss. The Company performs an impairment test of goodwill and indefinite-lived intangible assets at least annually on October 1 of each year. The Company regularly evaluates whether events and circumstances have occurred which indicate potential impairment of goodwill, indefinite-lived intangible assets, or other long-lived assets. When factors indicate that such assets should be evaluated for possible impairment between the scheduled annual impairment tests, the Company performs an impairment test. The Company believes its goodwill, indefinite-lived intangible assets, and other long-lived assets were appropriately valued and not impaired at December 31, 2012.

Goodwill impairment testing is a two-step process performed on a reporting unit basis. In step 1 of the testing process, the fair value of each reporting unit is determined and compared with its book value. If the fair value of the reporting unit exceeds its book value, goodwill is not deemed impaired. If the book value of the reporting unit exceeds its fair value, the testing proceeds to step 2. In step 2, the reporting unit's fair value is allocated to its assets and liabilities following acquisition accounting procedures to determine the implied fair value of goodwill. This hypothetical acquisition accounting process is applied only for the purpose of determining whether goodwill must be reduced; it is not used to adjust the book values of other assets or liabilities. There is an impairment if (and to the extent) the carrying value of goodwill exceeds its implied fair value. An impairment loss reduces the recorded goodwill and cannot subsequently be reversed.

Table of Contents

For step 1 of goodwill impairment testing, the carrying value of each of the Company's reporting units is compared with the estimated fair value of the reporting unit as determined utilizing an income approach. The income approach is based on projected debt-free cash flow which is discounted to the present value using discount factors that consider the timing and risk of the cash flows. The Company believes that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating cash flow performance. The discount rate used reflects the Company's assessment of a market participant's view of the risks associated with the projected cash flows. Other significant assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management's application of these assumptions or any other assumptions, the Company believes that the income approach provides a reasonable estimate of the fair value of its reporting units.

For impairment testing of indefinite-lived intangible assets, the carrying value is compared with the fair value, which represents the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the asset over its estimated remaining useful life. Long-lived assets are tested at the asset or asset group level that is determined to be the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

The Company's four operating segments are deemed to be reporting units because the components of each operating segment have similar economic characteristics. If changes to the Company's reporting structure impact the composition of the Company's reporting units, existing goodwill is reallocated to the revised reporting units based on their relative estimated fair values as determined by a discounted cash flow analysis. If all of the assets and liabilities of an acquired business are assigned to a specific reporting unit, then the goodwill associated with that acquisition is assigned to that reporting unit at acquisition unless another reporting unit is also expected to benefit from the acquisition.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Company depreciates the cost of property and equipment, including assets recorded under capital leases, over the shorter of the remaining lease term or the estimated useful lives of the related assets, primarily using the straight-line method. The estimated useful lives for property and equipment classifications are as follows:

Classification	Estimated Useful Lives
Furniture and fixtures	3-10 years
Data processing equipment	3-5 years
Automobiles and other	3-4 years
Buildings and improvements	7-40 years

Property and equipment, including assets under capital leases, consisted of the following at December 31, 2012 and 2011:

December 31,	2012	2011
	(In thousands)	
Land	$610	$598
Buildings and improvements	30,609	30,027
Furniture and fixtures	54,885	55,699
Data processing equipment	67,305	66,813
Automobiles	1,950	3,212
Total property and equipment	155,359	156,349
Less accumulated depreciation	(109,312)	(112,465)

Net property and equipment	$46,047	$43,884

Additions to property and equipment under capital leases totaled $2,422,000, $808,000, and $545,000 for 2012, 2011, and 2010, respectively. Additions to property and equipment that were funded directly by lessors totaled $0, $0 and $875,000 for 2012, 2011, and 2010 respectively.

Table of Contents

Depreciation on property and equipment, including property under capital leases and amortization of leasehold improvements, was $15,429,000, $15,233,000, and $14,741,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Capitalized Software

Capitalized software reflects costs related to internally developed or purchased software used by the Company that has future economic benefits. Certain internal and external costs incurred during the application development stage are capitalized. Costs incurred during the preliminary project and post implementation stages, including training and maintenance costs, are expensed as incurred. The majority of these capitalized software costs consists of internal payroll costs and external payments for software purchases and related services. These capitalized software costs are amortized over periods ranging from three to ten years, depending on the estimated life of each software application. At least annually, the Company evaluates capitalized software for impairment. Amortization expense for capitalized software was $10,226,000, $9,667,000, and $9,424,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Self-Insured Risks

The Company self-insures certain risks consisting primarily of professional liability, auto liability, and employee medical, disability, and workers' compensation liability. Insurance coverage is obtained for catastrophic property and casualty exposures, including professional liability on a claims-made basis, and those risks required to be insured by law or contract. Most of these self-insured risks are in the U.S. Provisions for claims under the self-insured programs are made based on the Company's estimates of the aggregate liabilities for claims incurred, losses that have occurred but have not been reported to the Company, and for adverse developments on reported losses. The estimated liabilities are calculated based on historical claims experience, the expected lives of the claims, and other factors considered relevant by management. Changes in these estimates may occur as additional information becomes available. The estimated liabilities for claims incurred under the Company's self-insured workers' compensation and employee disability programs are discounted at the prevailing risk-free interest rate for U.S. government securities of an appropriate duration. All other self-insured liabilities are undiscounted. At December 31, 2012 and 2011, accrued liabilities for self-insured risks totaled $28,013,000 and $28,931,000, respectively, including current liabilities of $14,120,000 and $18,817,000, respectively.

Income Taxes

The Company accounts for certain income and expense items differently for financial reporting and income tax purposes. Provisions for deferred taxes are made in recognition of these temporary differences. The most significant differences relate to revenue recognition, accrued compensation, pension plans, self-insurance, and depreciation and amortization.

For financial reporting purposes, the provision for income taxes is the sum of income taxes both currently payable and payable on a deferred basis. Currently payable income taxes represent the liability related to the income tax returns for the current year, while the net deferred tax expense or benefit represents the change in the balance of deferred income tax assets or liabilities as reported on the Company's Consolidated Balance Sheets that are not related to balances in "Accumulated other comprehensive loss." The changes in deferred income tax assets and liabilities are determined based upon changes in the differences between the basis of assets and liabilities for financial reporting purposes and the basis of assets and liabilities for income tax purposes, measured by the enacted statutory tax rates in effect for the year in which the Company estimates these differences will reverse. The Company must estimate the timing of the reversal of temporary differences, as well as whether taxable income in future periods will be sufficient to fully recognize any gross deferred tax assets.

Other factors which influence the effective tax rate used for financial reporting purposes include changes in enacted statutory tax rates, changes in the composition of taxable income from the jurisdictions in which the Company operates, the ability of the Company to utilize net operating loss and tax credit carryforwards, and the Company's accounting for any uncertain tax positions. See Note 7, "Income Taxes."

Sales and Other Taxes

In certain jurisdictions, both in the U.S. and internationally, various governments and taxing authorities require the Company to assess and collect sales and other taxes, such as Value Added Taxes, on certain services that the Company renders and bills to its customers. The majority of the Company's revenues are not currently subject to these types of taxes. The Company records these taxes on a net basis with amounts collected related to these pass-through taxes recorded as balance sheet transactions.

Table of Contents

Foreign Currency

Foreign currency transactions for the years ended December 31, 2012 and 2011 resulted in a loss of $268,000 and $1,318,000, respectively. Foreign currency transactions for the year ended December 31, 2010 resulted in a net gain of $746,000

For operations outside the U.S. that prepare financial statements in currencies other than the U.S. dollar, results of operations and cash flows are translated into U.S. dollars at average exchange rates during the period, and assets and liabilities are translated at end-of-period exchange rates. The resulting translation adjustments are included in comprehensive income (loss) in the Company's Consolidated Statements of Comprehensive Income, and the accumulated translation adjustment is reported as a component of "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets.

Accumulated Other Comprehensive Loss

Comprehensive income (loss) for the Company consists of the total of net income, foreign currency translations, the effective portions of the Company's interest rate hedges, and accrued pension and retiree medical liability adjustments. Ending accumulated balances for each item in "Accumulated other comprehensive loss" included in the Company's Consolidated Balance Sheets were as follows:

December 31,	2012	2011	2010
	(In thousands)		
Adjustments to retirement liabilities	$(319,068)	$(270,648)	$(265,166)
Tax benefit on retirement liabilities adjustments	111,809	96,983	94,044
Adjustments to retirement liabilities, net of tax	(207,259)	(173,665)	(171,122)
Effective portions of interest rate swaps, net of tax	—	(414)	(871)
Foreign currency translation adjustments	7,778	10,476	7,671
Total accumulated other comprehensive loss	$(199,481)	$(163,603)	$(164,322)

Advertising Costs

Advertising costs are expensed in the period in which the costs are incurred. Advertising expenses were $4,737,000, $4,228,000, and $3,980,000, respectively, for the years ended December 31, 2012, 2011, and 2010.

Adoption of New Accounting Standards

Fair Value Measurement

On May 12, 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS," which amends ASC 820, "Fair Value Measurement" to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and IFRS. The amendments in this update explain how to measure fair value. They do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. The amendments were effective for the Company beginning January 1, 2012, and were required to be applied prospectively.

Since ASU 2011-04 is a disclosure-only standard, its adoption did not affect the Company's results of operations, financial condition, or cash flows.

65

Table of Contents

Comprehensive Income

On June 16, 2011, the FASB issued ASU 2011-05, "Presentation of Comprehensive Income," which amended ASC 220, "Comprehensive Income," requiring most entities to present items of net income and other comprehensive income either in one continuous statement - referred to as the statement of comprehensive income - or in two separate, but consecutive, statements of net income and other comprehensive income. The option to present items of other comprehensive income in the statement of changes in shareholders' equity was eliminated. The new requirements did not change which components of comprehensive income were recognized in net income or other comprehensive income, or when an item of other comprehensive income must be reclassified to net income. Also, the earnings per share computation did not change and continues to be based on net income. As a result, the presentation of other comprehensive income in financial statements prepared in accordance with GAAP is broadly aligned with IFRS. The amendment was effective for the Company beginning January 1, 2012, and was required to be applied retrospectively. The Company adopted ASU 2011-05 effective January 1, 2012, using two separate statements of net income and other comprehensive income.

Since ASU 2011-05 is a disclosure-only standard, its adoption did not affect the Company's results of operations, financial condition, or cash flows.

Pending Adoption of New Accounting Standards

Amounts Reclassified Out of Other Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income ("AOCI")" (ASU 2013-02). Under ASU 2013-02, an entity is required to provide information about the amounts reclassified out of AOCI by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. ASU 2013-02 is effective for the Company on January 1, 2013.

The Company is evaluating the impact of adopting this standard; however, since ASU 2013-02 is a disclosure-only standard, its adoption will not affect the Company's results of operations, financial condition, or cash flows.

2. Acquisitions and Dispositions of Businesses

In 2012, we acquired partial interests in two entities in our EMEA/AP segment, with total goodwill acquired of $912,000. These acquisitions were not material.

Although none of the acquisitions in 2011 were material, we believe the summaries below are helpful in understanding the impact on goodwill and intangible assets in Note 3, "Goodwill and Intangible Assets."

In December 2010, we acquired certain assets and liabilities of Crawford & Company (Tasmania) Unit Trust ("Tasmania"). The Tasmania trading name was previously used by the Company under a license agreement, but we had no previous ownership interest. The purchase price was $1,462,000, less $237,000 cash acquired. Net assets acquired totaled $323,000, and the remainder of the purchase price was allocated $589,000 to customer relationship intangibles and $550,000 to goodwill.

In February 2011, we acquired the capital stock of Studio Bolton & Associati S.r.l. ("Bolton"), a leading specialist liability adjusting company with branches in Rome and Milan. The purchase price was $7,836,000, less $3,788,000 cash acquired. Net assets acquired totaled $6,606,000, and the remainder of the purchase price was allocated $1,045,000 to customer relationship intangibles and $185,000 to goodwill.

Table of Contents

In March 2011, the Company acquired certain assets from ClaimHub, Inc. for $1,600,000. The assets included the ClaimHub software already used by the Company in its vehicle services product line, including any intellectual property associated with the software. The net liabilities assumed totaled $213,000, and $1,813,000 was recorded as technology intangibles.

In October 2011, the Company acquired the capital stock of Settlement Services, Inc. ("SSI") for $3,600,000 cash, less $100,000 cash acquired. In connection therewith, the former owner became an employee of the Company and the Company entered into an earnout agreement with the former owner that may require the Company to pay up to an additional $2,000,000 in acquisition consideration, based on a multiple of excess EBITDA achieved by SSI for the years 2012 through 2014. The Company expects to pay the full amount based on 2013 and 2014 results, but was not required to make a payment based on the 2012 results. Net assets acquired totaled $302,000, and the remainder of the purchase price was allocated $1,730,000 to customer relationship intangible assets, $200,000 to trade name intangibles with a finite life of three years, and $3,368,000 to goodwill.

3. Goodwill and Intangible Assets

Goodwill

The following table shows the changes in the carrying amount of goodwill for the years ended December 31, 2012 and 2011:

	Americas	Broadspire	Legal Settlement Administration	EMEA/AP	Total
	(In thousands)				
Balance at December 31, 2010:					
Goodwill	$43,672	$151,133	$ 16,236	$65,856	$276,897
Accumulated Impairment Losses	—	(151,133)	—	—	(151,133)
Net Goodwill	43,672	—	16,236	65,856	125,764
2011 Activity:					
Goodwill of acquired businesses	—	—	3,368	735	4,103
Foreign currency effects	(561)	—	—	1,940	1,379
Balance at December 31, 2011:					
Goodwill	43,111	151,133	19,604	68,531	282,379
Accumulated Impairment Losses	—	(151,133)	—	—	(151,133)
Net Goodwill	43,111	—	19,604	68,531	131,246
2012 Activity:					
Goodwill of acquired businesses	—	—	(5)	912	907
Foreign currency effects	681	—	—	(839)	(158)
Balance at December 31, 2012:					
Goodwill	43,792	151,133	19,599	68,604	283,128
Accumulated Impairment Losses	—	(151,133)	—	—	(151,133)
Net Goodwill	$43,792	$—	$ 19,599	$68,604	$131,995

Table of Contents

Goodwill Impairment Charge

On October 31, 2006, the Company completed its acquisition of Broadspire Management Services, Inc. ("BMSI") from Platinum Equity, LLC ("Platinum") in an agreement referred to as the "Stock Purchase Agreement." The Company and Platinum were engaged in an arbitration regarding the application of the purchase price mechanism contained in the Stock Purchase Agreement (the "Accounting Arbitration"). Any amounts payable resulting from the Accounting Arbitration were considered to be adjustments to the purchase price and would accrue interest at the prime rate from October 31, 2006. On July 30, 2010, the independent arbitrator arbitrating the Accounting Arbitration issued a decision and contingent determination in connection therewith, and the Company made a payment of $6,099,000 plus interest, for a total payment of $7,303,000 to Platinum. In addition, on October 27, 2010, the independent arbitrator issued a final decision and determination and required the Company to pay an additional $6,218,000 to Platinum. Interest of $1,282,000 was accrued in "Other accrued liabilities" but payment of interest was pending resolution of a related legal arbitration (discussed further in Note 15, "Special Charges and Credits"). Only the interest amounts of $2,486,000 were deductible for income tax purposes. Also, during 2010, we recorded a $4,015,000 reduction to an estimated tax payable accrued as part of the BMSI acquisition. Accordingly, the goodwill impairment charge was reduced in 2010, as such amount was not material for prior year restatement.

The $10,788,000 net impairment charge is not reflected in the Broadspire segment operating loss in any period. This net impairment charge did not affect the Company's liquidity and had no effect on the Company's compliance with the financial covenants under its credit agreement in any period. The Broadspire segment goodwill was impaired in 2009 and the fair value of the segment did not support additional goodwill at the time these payments and adjustments were made.

Intangible Assets

The following is a summary of intangible assets at December 31, 2012 and 2011:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairments	Net Carrying Value	Weighted-Average Amortization Period
	(In thousands, except years)				
Intangible assets subject to amortization:					
December 31, 2012:					
Customer Relationships	$92,563	$(37,470)	$—	$55,093	8.1 years
Technology-Based	5,913	(3,308)	—	2,605	3.5 years
Trade name	200	(83)	—	117	1.7 years
Total	$98,676	$(40,861)	$—	$57,815	7.6 years
December 31, 2011:					
Customer Relationships	$92,791	$(31,172)	$—	$61,619	8.7 years
Technology-Based	5,913	(2,540)	—	3,373	4.2 years
Trade name	200	(17)	—	183	2.8 years
Total	$98,904	$(33,729)	$—	$65,175	8.2 years
Intangible assets not subject to amortization:					
December 31, 2012:					
Trade names	$31,812	—	$(600)	$31,212	
December 31, 2011:					
Trade names	$31,817	—	$(600)	$31,217	

68

Table of Contents

Amortization of intangible assets was $7,141,000, $6,918,000, and $6,434,000 for the years ended December 31, 2012, 2011, and 2010, respectively. For the years ended December 31, 2012, 2011, and 2010, amortization expense for finite-lived customer-relationship and trade name intangible assets in the amounts of $6,373,000, $6,177,000, and $5,995,000, respectively, were excluded from segment operating earnings (see Note 12, "Segment and Geographic Information"). Intangible assets subject to amortization are amortized on a straight-line basis over lives ranging from 3 to 15 years. At December 31, 2012, annual estimated aggregate amortization expense for intangible assets subject to amortization is $7,125,000 for 2013; $7,108,000 for 2014; $7,058,000 for 2015; $6,664,000 for 2016 and $6,196,000 for 2017.

4. Short-Term and Long-Term Debt, Including Capital Leases

On December 8, 2011, the Company entered into a senior secured credit agreement (the "Credit Facility") with Crawford & Company Risk Services Investments Limited (the "UK Borrower"), Crawford & Company (Canada) Inc. (the "Canadian Borrower"), and Crawford & Company (Australia) Pty. Ltd. (the "Australian Borrower" and, together with the UK Borrower and the Canadian Borrower, the "Foreign Borrowers"), each wholly-owned subsidiaries of the Company, as borrowers (the Foreign Borrowers together with the Company, the "Borrowers"), the lenders party thereto, Wells Fargo Bank, National Association ("Wells Fargo"), as Administrative Agent, Australian Security Trustee, and UK Security Trustee for the lenders, Bank of America, N.A., as Syndication Agent, RBS Citizens, N.A., as Documentation Agent, and Wells Fargo Securities, LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Lead Bookrunners.

The Credit Facility consists of a $325.0 million revolving credit facility, with a letter of credit subfacility of $100.0 million. The Credit Facility contains sublimits of $185.0 million for borrowings by the UK Borrower, $40.0 million for borrowings by the Canadian Borrower and $15.0 million for borrowings by the Australian Borrower. Subject to satisfaction of certain conditions precedent, the Credit Facility provides that the Borrowers have the option, exercisable from time to time and subject to the receipt of additional commitments from existing or new lenders, to increase the revolving loan commitments under the Credit Facility by up to $100.0 million. The Credit Facility matures, and all amounts outstanding thereunder will be due and payable, on December 8, 2016.

Borrowings under the Credit Facility may be made in U.S. dollars, Euros, the currencies of Canada, Japan, Australia or United Kingdom and, subject to the terms of the Credit Facility, other currencies. Borrowings under the Credit Facility bear interest, at the option of the applicable Borrower, based on the Base Rate (as defined below) or the London Interbank Offered Rate ("LIBOR"), in each case plus an applicable interest margin based on the Company's leverage ratio (as defined in the Credit Facility), provided that borrowings in foreign currencies may bear interest based on LIBOR only. The interest margin for LIBOR loans ranges from 1.75% to 2.50% and for Base Rate loans ranges from 0.75% to 1.50%. Base Rate is defined as the highest of (i) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1%, (ii) the prime commercial lending rate of the Administrative Agent and (iii) LIBOR for a one month interest period plus 1.0%.

At December 31, 2012 and 2011, a total of $150,000,000 and $211,130,000, respectively, was outstanding under the Credit Facility. In addition, undrawn commitments under letters of credit totaling $18,171,000 and $18,819,000 were outstanding at December 31, 2012 and 2011, respectively, under the letters of credit subfacility of the Credit Facility. These letter of credit commitments were for the Company's own obligations. Including the amounts committed under the letters of credit subfacility, the available balance of the revolving credit portion of the Credit Facility totaled $145,611,000 and $95,051,000 at December 31, 2012 and 2011, respectively.

Short-term borrowings totaled $13,275,000 and $1,794,000 at December 31, 2012 and 2011, respectively.

Long-term debt consisted of the following at December 31, 2012 and 2011:

December 31,	2012	2011
	(In thousands)	
Revolving Credit Facility	$150,000	$211,130
Capital lease obligations	3,131	1,263
Total long-term debt and capital leases	153,131	212,393
Less: current installments	(838)	(410)
Total long-term debt and capital leases, less current installments	$152,293	$211,983

Table of Contents

The Company’s capital leases are primarily comprised of leased automobiles and equipment leases with terms ranging from 24 to 60 months.

Interest expense, including any impact from the Company’s interest rate hedge and amortization of capitalized loan origination costs, on the Company’s short-term and long-term borrowings was $9,574,000, $16,931,000, and $15,683,000 for the years ended December 31, 2012, 2011, and 2010, respectively. Interest paid on the Company’s short-term and long-term borrowings was $8,728,000, $14,117,000, and $14,193,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Required principal repayments of long-term debt, including current portions and capital leases, as of December 31, 2012 are as follows:

	Long-term Debt	Capital Lease Obligations	Total
	(In thousands)		
2013	$—	$ 838	$ 838
2014	—	815	815
2015	—	715	715
2016	150,000	597	150,597
2017	—	166	166
Total	$ 150,000	$ 3,131	$ 153,131

The representations, covenants and events of default in the Credit Facility are customary for financing transactions of this nature, including required compliance with a maximum leverage ratio and a minimum fixed charge coverage ratio (each as defined below). Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Credit Facility and ancillary loan documents.

The obligations of the Borrowers under the Credit Facility are guaranteed by each existing domestic subsidiary of the Company and certain existing material foreign subsidiaries of the Company that are disregarded entities for U.S. income tax purposes (each a "Disregarded Foreign Entity"), and such obligations are required to be guaranteed by each subsequently acquired or formed material domestic subsidiary and Disregarded Foreign Entity (each, a "Guarantor"), and the obligations of the Foreign Borrowers are also guaranteed by the Company. In addition, the Borrowers' obligations under the Credit Facility are secured by a first priority lien on substantially all of the personal property of the Company and the Guarantors, including, without limitation, intellectual property, 100% of the capital stock of the Company's and the Guarantors' present and future domestic subsidiaries and 65% of the voting stock and 100% of the non-voting stock issued by any present and future first-tier material foreign subsidiary of the Company or any Guarantor. In addition, the obligations of the Foreign Borrowers are secured by a first priority lien on 100% of the capital stock of the Foreign Borrowers.

Under the Credit Facility, the fixed charge coverage ratio, defined as the ratio of (i)(A) consolidated earnings before interest expense, income taxes, depreciation, amortization, stock-based compensation expense, and certain other charges and expenses (“EBITDA”) minus (B) aggregate income tax expense to the extent paid in cash minus (C) unfinanced capital expenditures to (ii) the sum of: (A) consolidated interest expense to the extent paid (or required to be paid) in cash, plus (B) the aggregate of all scheduled payments of principal on funded debt (including the principal component of payments made in respect of capital lease obligations) required to have been made (whether or not such payments are actually made), plus (C) the aggregate of all restricted payments (as defined) paid, plus (D) the aggregate of all earnouts paid or required to be paid, must not be less than 1.50 to 1.00 for the four-quarter period ending at the end of each fiscal quarter.

Under the Credit Facility, the leverage ratio, as of the last day of any fiscal quarter, defined as the ratio of (i) consolidated total funded debt minus unrestricted cash to (ii) consolidated EBITDA, must not be greater than (i) for any fiscal quarter ended on or before December 31, 2012, 3.25 to 1.00, or (ii) for any fiscal quarter ending thereafter, 3.00 to 1.00.

70

Table of Contents

At December 31, 2012, the Company was in compliance with the financial covenants under the Credit Facility. If the Company does not meet the covenant requirements in the future, it would be in default under the Credit Facility. In such an event, the Company would need to obtain a waiver of the default or may be required to immediately repay the outstanding indebtedness under the Credit Facility. If the Company could not obtain a waiver on satisfactory terms, it could be required to renegotiate the Credit Facility, or obtain other financing in order to repay all amounts due thereunder. Any such renegotiations, if successful, or any other financing, if completed, could result in less favorable terms, including higher interest rates, accelerated payments, and fees. No assurance can be provided that any necessary renegotiations or other financing arrangements could be completed in a timely manner, or at all.

5. Derivative Instruments

The Company attempts to manage a portion of its exposure to the impact of interest rate changes by entering into interest rate swap agreements from time to time. The Company may designate pay-fixed interest rate swaps as cash flow hedges of interest payments on floating-rate debt. Pay-fixed swaps effectively convert floating rate debt to fixed-rate debt. The Company reports the effective portion of the change in fair value of any derivative instrument as a component of its accumulated other comprehensive loss ("OCL") and reclassifies that portion into earnings in the same period during which the hedged transaction affects earnings. The Company recognizes the ineffective portion of the hedge, if any, in current earnings during the period of change. Amounts that are reclassified into earnings from accumulated OCL and the ineffective portion of the hedge, if any, are reported on the same income statement line item as the original hedged item. The Company includes the fair value of the hedge in either current or noncurrent other liabilities and/or other assets on the balance sheet based upon the term of the hedged item. The Company is exposed to counterparty credit risk for nonperformance and, in the event of nonperformance, to market risk for changes in interest rates. The Company attempts to manage exposure to counterparty credit risk primarily by selecting counterparties only if they meet certain credit and other financial standards. The Company believes there have been no material changes in the creditworthiness of its counterparties and believes the risk of nonperformance by such parties is minimal.

In November 2009, the Company entered into a two-year forward-starting interest rate swap agreement that was effective beginning on June 30, 2010. The swap effectively converted the LIBOR-based portion of the interest rate on an initial notional amount of $90,000,000 of the Company’s floating-rate debt to a fixed rate of 3.05% plus the applicable credit spread. The Company designated the interest rate swap as a cash flow hedge of exposure to changes in cash flows due to changes in interest rates on an equivalent amount of debt. The notional amount of the swap was reduced to $85,000,000 on March 31, 2011. As a result of entering the Credit Facility in December 2011 discussed in Note 4, this interest rate swap was discontinued as a cash flow hedge of exposure to changes in cash flows due to changes in interest rates. Since that time, changes to the fair value of this swap agreement have been recorded by the Company as an expense adjustment rather than a component of the Company's accumulated OCL. Such amount was insignificant at December 31, 2011. Because it was still probable that the forecasted transactions that were hedged would occur, the amount in accumulated OCL related to the interest rate swap agreement was reclassified into earnings as an increase to interest expense over the remaining life of the interest rate swap agreement as the forecasted transactions occurred. The interest rate swap agreement expired September 30, 2012.

The effective portions of the pretax losses on the Company’s interest-rate swap derivative instruments are categorized in the table below:

	Loss Recognized in OCL on Derivative — Effective Portion		Loss Reclassified from Accumulated OCL into Income — Effective Portion(1)	
Year Ended December 31,	2012	2011	2012	2011

	(In thousands)			
Cash Flow Hedging Relationship:				
Interest rate hedge	$—	$178	$—	$842
Interest Rate Swap Discontinued as a Cash Flow Hedge	$—	$—	$667	$74

(1) The losses reclassified from accumulated OCL into income (effective portion) are reported in "Corporate interest expense, net" on the Company's Consolidated Statements of Income.

The amounts of gains/losses recognized in income/expense on the Company's interest rate hedge contract (ineffective portion excluded from any effectiveness testing) were not material for the years ended December 31, 2012, 2011, or 2010.

71

Table of Contents

The balances and changes in accumulated OCL related to the effective portions of the Company's interest rate hedges for the years ended December 31, 2012 and 2011 were as follows:

Year Ended December 31,	2012	2011
	(In thousands)	
Amount in accumulated OCL at beginning of period for effective portion of interest rate hedge, net of tax	$(414)	$(871)
Loss reclassified into income, net of tax	414	568
Loss recognized during period, net of tax	—	(111)
Amount in accumulated OCL at end of period for effective portion of interest rate hedge, net of tax	$—	$(414)

In February 2011, the Company entered into a U.S. dollar and Canadian dollar ("CAD") cross currency basis swap with an initial notional amount of CAD34,749,000 as an economic hedge to an intercompany note payable to the U.S. parent by our Canadian subsidiary. The cross currency basis swap requires the Canadian subsidiary to deliver quarterly payments of CAD589,000 to the counterparty and entitles the U.S. parent to receive quarterly payments of U.S. $593,000. The Canadian subsidiary also makes interest payments to the counterparty based on 3-month Canada Bankers Acceptances plus a spread, and the U.S. parent receives payments based on U.S. 3-month LIBOR. The cross currency basis swap expires on September 30, 2025. We have elected to not designate this swap as a hedge of the intercompany note from our Canadian subsidiary. Accordingly, changes in the fair value of this swap are recorded as gains or losses in "Selling, general and administrative expenses" in the Company's Consolidated Statements of Income over the term of the swap and are expected to substantially offset changes in the value of the intercompany note. The changes in the fair value of the cross currency basis swap will not exactly offset changes in the value of the intercompany note, as the fair value of this swap is determined based on forward rates while the value of the intercompany note is determined based on end of period spot rates. At December 31, 2012, $432,000 of the fair value of the cross currency basis swap was included in "Other accrued liabilities" and $320,000 of the fair value of the cross currency basis swap was included in "Other noncurrent liabilities" on the Company's Consolidated Balance Sheets, based upon the term of the cross currency basis swap. The Company believes there have been no material changes in the creditworthiness of the counterparty to this cross currency basis swap agreement and believes the risk of nonperformance by such party is minimal.

The Company's swap agreement contains a provision providing that if the Company is in default under its Credit Facility (see Note 4, "Short-Term and Long-Term Debt, Including Capital Leases"), the Company may also be deemed to be in default under its swap agreement. If there were such a default, the Company could be required to contemporaneously settle some or all of the obligation under the swap agreement at values determined at the time of default. At December 31, 2012, no such default existed, and the Company had no assets posted as collateral under its swap agreement.

6. Commitments Under Operating Leases

The Company and its subsidiaries lease certain office space, computer equipment, and automobiles under operating leases. For office leases that contain scheduled rent increases or rent concessions, the Company recognizes monthly rent expense based on a calculated average monthly rent amount that considers the rent increases and rent concessions over the life of the lease term. Leasehold improvements of a capital nature that are made to leased office space under operating leases are amortized over the shorter of the term of the lease or the estimated useful life of the improvement. License and maintenance costs related to leased vehicles are paid by the Company. Rental expenses, net of amortization of any incentives provided by lessors, for operating leases consisted of the following:

Year Ended December 31,	2012	2011	2010

	(In thousands)		
Office space	$44,437	$44,968	$42,661
Automobiles	8,110	8,708	7,820
Computers and equipment	289	542	667
Total operating leases	$52,836	$54,218	$51,148

72

Table of Contents

At December 31, 2012, future minimum payments under non-cancelable operating leases with terms of more than 12 months were as follows:

Year Ending December 31,	(In thousands)
2013	$47,108
2014	38,934
2015	31,453
2016	27,426
2017	22,905
2018 and Thereafter	45,088

Where applicable, the amounts above include sales taxes.

Significant Operating Leases and Subleases

Effective May 1, 2012, the Company entered into a 10-year operating lease on behalf of the Legal Settlement Administration segment for the lease of approximately 45,000 square feet of office space in Seattle, Washington. Included in the future minimum lease payments noted above are total lease payments of $11,930,000 related to this lease. Additionally, the Company is responsible for certain related real estate taxes and operating expenses, which are excluded from the table above.

On March 16, 2010, the Company entered into an 11-year operating lease on behalf of the Legal Settlement Administration segment for the lease of approximately 44,000 square feet of office space in Lake Success, New York, for use as its corporate headquarters. The lease commenced on January 1, 2011 and was amended in January 2011 and again in January 2012 to include a total of approximately 60,000 square feet. Included in the future minimum lease payments noted above are total lease payments of $15,592,000 related to the amended lease. Additionally, the Company is responsible for certain related real estate taxes and operating expenses, which are excluded from the table above.

Effective February 9, 2010, the Company entered into a 10-year operating lease agreement for approximately 64,000 square feet of office space in Sunrise, Florida, primarily for our Broadspire segment as a replacement for the subleased space in Plantation, Florida described below. Included in the future minimum lease payments noted above are total lease payments of $9,408,000 related to this lease. Additionally, the Company is responsible for certain related real estate taxes and other expenses, which are excluded from the table above.

Effective August 1, 2006, the Company entered into an 11-year operating lease agreement for the lease of approximately 160,000 square feet of office space in Atlanta, Georgia for use as the Company's corporate headquarters. Included in the future minimum lease payments noted above are total lease payments of $20,154,000 related to this lease. Additionally, the Company is responsible for certain related property operating expenses, which are excluded from the table above.

Included in the acquired commitments of BMSI was a long-term operating lease for a two-building office complex in Plantation, Florida. The term of this lease ends in December 2021. Included in the future minimum office lease payments for operating leases noted above are total lease payments of $38,996,000 related to this Plantation, Florida lease. A majority of this office space was subleased at December 31, 2012. Under executed sublease arrangements at December 31, 2012 between the Company and sublessors, as described below, the sublessors are obligated to pay the Company minimum sublease payments as follows:

Year Ending December 31,	(In thousands)
2013	$3,296
2014	1,894

2015	1,445
2016	1,478
2017	1,511
2018-2021	6,391
Total minimum sublease payments to be received	$16,015

73

Table of Contents

One of the Plantation, Florida sublease agreements is for an entire building and expires in March 2014. At expiration, this sublessor has the option to renew this sublease agreement through December 2021. In 2009 and 2010, the Company entered into separate sublease agreements with another sublessor to sublease three of the four floors of our other leased building in Plantation, Florida. The subleases are for the remaining term of the Company's lease on this building (expiring December 2021). The Company recognized pretax losses of $4,285,000 in 2012 and $2,663,000 in 2010 on these subleases, which are included in "Special charges and credits" in the Company's Consolidated Statements of Income for the years ended December 31, 2012 and 2010, respectively.

7. Income Taxes

Income before income taxes consisted of the following:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
U.S.	$48,514	$26,331	$12,018
Foreign	34,926	32,100	26,470
Income before income taxes	$83,440	$58,431	$38,488

The provision for income taxes consisted of the following:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Current:			
U.S. federal and state	$1,375	$4,218	$1,748
Foreign	12,956	10,579	5,254
Deferred:			
U.S. federal and state	19,831	(796)	1,689
Foreign	(476)	(1,262)	1,021
Provision for income taxes	$33,686	$12,739	$9,712

Net cash payments for income taxes were $14,378,000, $14,243,000, and $6,173,000 in 2012, 2011, and 2010, respectively.

The provision for income taxes is reconciled to the federal statutory income tax rate of 35% as follows:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Federal income taxes at statutory rate	$29,204	$20,451	$13,471
State income taxes, net of federal benefit	1,273	910	186
Foreign taxes	(920)	(2,340)	(4,873)
Change in valuation allowance	3,095	(4,144)	210
Credits	(1,475)	(2,265)	(2,577)
Nondeductible meals and entertainment	807	1,039	716
Goodwill & intangible asset impairments	—	—	2,906
Other	1,702	(912)	(327)
Provision for income taxes	$33,686	$12,739	$9,712

Table of Contents

The Company generally does not provide for additional U.S. and foreign income taxes on undistributed earnings of foreign subsidiaries because they are considered to be indefinitely reinvested. The Company’s intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax effective through the utilization of foreign tax credits. An exception to this general policy could occur if a very unusual event or project generated profits significantly in excess of ongoing business reinvestment needs. If such an event occurs, we analyze our anticipated investment needs in that region and provide for U.S. taxes for earnings that are not expected to be permanently reinvested. Such an event occurred during 2012, and we have provided for additional U.S. and foreign income taxes on such profits. All historical earnings and future foreign earnings needed for business reinvestment needs will remain permanently reinvested and will be used to provide working capital for these operations, repay non-U.S. debt, and to fund future acquisitions. At December 31, 2012, undistributed earnings totaled $92,983,000. Determination of the deferred income tax liability on these undistributed earnings is not practicable since such liability, if any, is dependent on circumstances existing when remittance occurs.

Deferred income taxes consisted of the following at December 31, 2012 and 2011:

	2012	2011
	(In thousands)	
Accrued compensation	$11,298	$10,521
Accrued pension liabilities	110,041	97,694
Self-insured risks	10,670	11,446
Deferred revenues	13,411	13,718
Tax credit carryforwards	57,455	56,959
Net operating loss carryforwards	20,966	13,249
Other	7,963	—
Gross deferred income tax assets	231,804	203,587
Accounts receivable allowance	6,968	2,620
Prepaid pension cost	52,483	37,117
Unbilled revenues	22,495	16,521
Depreciation and amortization	62,578	61,705
Other post-retirement benefits	628	713
Other	1,390	1,513
Gross deferred income tax liabilities	146,542	120,189
Net deferred income tax assets before valuation allowance	85,262	83,398
Valuation allowance	(7,927)	(4,459)
Net deferred income tax assets	$77,335	$78,939
Amounts recognized in the Consolidated Balance Sheets consist of :		
Current deferred income tax assets included in "Prepaid expenses and other current assets"	$419	$64
Current deferred income tax liabilities included in "Deferred income taxes"	(16,267)	(7,622)
Long-term deferred income tax assets included in "Deferred income tax assets"	99,288	91,210
Long-term deferred income tax liabilities included in "Other noncurrent liabilities"	(6,105)	(4,713)
Net deferred income tax assets	$77,335	$78,939

At December 31, 2012, the Company had deferred tax assets related to net operating loss carryforwards of $20,966,000. An estimated $9,440,000 of the deferred tax assets will not expire, and $11,526,000 will expire over the next 20 years if not utilized by the Company. A valuation allowance is provided when it is deemed more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

Table of Contents

Changes in our deferred tax valuation allowance are recorded as adjustments to the provision for income taxes. An analysis of our deferred tax asset valuation allowances is as follows for the years ended December 31, 2012, 2011, and 2010.

	2012	2011	2010
	(In thousands)		
Balance, beginning of year	$4,459	$8,287	$7,434
Decrease in valuation allowance for foreign tax credit carryforwards	—	(5,462)	—
Other changes	3,468	1,634	853
Balance, end of year	$7,927	$4,459	$8,287

In 2011, the Company's projections of U.S. taxable income indicated that all foreign tax credit carryforwards should be utilized prior to their expiration period. Accordingly, the Company recorded a tax benefit of $5,462,000 for the reduction in the valuation allowance on such foreign tax credit carryforwards. Other changes to the valuation allowance for the years ended December 31, 2012, 2011, and 2010 were primarily due to losses in certain of our international operations.

A reconciliation of the beginning and ending balance of unrecognized income tax benefits follows:

	(In thousands)
Balance at January 1, 2010	$2,907
Changes in judgments or facts	(130)
Additions for tax positions of prior years	(13)
Settlements	(48)
Lapses of applicable statutes of limitation	(411)
Balance at December 31, 2010	2,305
Additions for tax positions related to the current year	16
Changes in judgments or facts	10
Settlements	(51)
Lapses of applicable statutes of limitation	(474)
Balance at December 31, 2011	1,806
Additions for tax positions related to the current year	330
Lapses of applicable statutes of limitation	(382)
Balance at December 31, 2012	$1,754

The Company accrues interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. Total accrued interest expense at December 31, 2012, 2011, and 2010, was $619,000, $634,000, and $635,000, respectively.

Included in the total unrecognized tax benefits at December 31, 2012, 2011, and 2010 were $1,401,000, $1,360,000, and $1,753,000, respectively, of tax benefits that, if recognized, would affect the effective income tax rate.

The Company conducts business in a number of countries and, as a result, files U.S. federal and various state and foreign jurisdiction income tax returns. In the normal course of business, the Company is subject to examination by various taxing jurisdictions throughout the world, including Canada, the U.K., and the U.S. With few exceptions, the Company is no longer subject to income tax examinations for years before 2004.

Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, have been provided for any adjustments that are expected to result from those years.

It is reasonably possible that a reduction in a range of $250,000 to $950,000 of unrecognized tax benefits may occur within 12 months as a result of projected resolutions of worldwide tax uncertainties.

Table of Contents

8. Retirement Plans

The Company and its subsidiaries sponsor various retirement plans. Substantially all employees in the U.S. and certain employees outside the U.S. are covered under the Company’s defined contribution plans. Certain employees, retirees, and eligible dependents are also covered under the Company’s defined benefit pension plans. A fixed number of U.S. employees, retirees, and eligible dependents are covered under a frozen post-retirement medical benefits plan. In addition, the Company sponsors two frozen nonqualified, unfunded defined benefit pension plans for certain employees and retirees.

Employer contributions under the Company’s defined contribution plans are determined annually based on employee contributions, a percentage of each covered employee’s compensation, and years of service. The Company’s cost for defined contribution plans totaled $23,749,000, $22,132,000, and $21,537,000 in 2012, 2011, and 2010, respectively.

The Company sponsors defined benefit pension plans in the U.S. and U.K. Effective December 31, 2002, the Company elected to freeze its U.S. defined benefit pension plan. The Company’s U.K. defined benefit pension plans were closed to new participants prior to October 31, 1997, but existing participants may still accrue additional limited benefits based on salary amounts in effect at the time the relevant plan was closed. Benefits payable under the Company’s U.S. defined benefit pension plan are generally based on career compensation; however, no additional benefits have accrued on the frozen U.S. plan since December 31, 2002.

Benefits payable under the U.K. plans are generally based on an employee’s final salary at the time the plan was closed. Benefits paid from the U.K. plans are also subject to adjustments for the effects of inflation. The actuarial present value of the projected benefit payments under the U.K. plans are based on the employees' expected dates of separation by retirement. The Company expects to make contributions of approximately $18,862,000 to its U.S. defined benefit pension plan and $6,800,000 to its U.K. defined benefit pension plans in 2013.

Certain other employees located in the Netherlands, Norway, Germany, and the Philippines (referred to herein as the “other international plans”) have retirement benefits that are accounted for as defined benefit pension plans under U.S. GAAP.

External trusts are maintained to hold assets of the Company’s defined benefit pension plans in the U.S. and U.K. The Company’s funding policy is to make cash contributions in amounts at least sufficient to meet regulatory funding requirements and, in certain instances, to make contributions in excess thereof if such contributions would otherwise be in accordance with the Company's capital allocation plans. Assets of the plans are measured at fair value at the end of each reporting period, but the plan assets are not recorded on the Company’s Consolidated Balance Sheets. Instead, the funded or unfunded status of the Company’s defined benefit pension plans are recorded on the Company’s Consolidated Balance Sheets based on the projected benefit obligations less the fair values of the plans’ assets.

Table of Contents

The reconciliation of the beginning and ending balances of the projected benefit obligations and the fair value of plans' assets for the Company's defined benefit pension plans as of the plans' most recent measurement dates is as follows:

	December 31 2012	2011
	(In thousands)	
Projected Benefit Obligations:		
Beginning of measurement period	$724,656	$679,494
Service cost	2,220	2,689
Interest cost	35,137	36,048
Employee contributions	650	695
Actuarial loss	90,764	38,235
Benefits paid	(37,880)	(35,003)
Foreign currency effects	(2,235)	2,498
End of measurement period	813,312	724,656
Fair Value of Plans' Assets:		
Beginning of measurement period	586,962	510,959
Actual return on plans' assets	73,458	63,398
Employer contributions	22,608	44,938
Employee contributions	650	695
Benefits paid	(37,880)	(35,003)
Foreign currency effects	(2,073)	1,975
End of measurement period	643,725	586,962
Unfunded Status	$(169,587)	$(137,694)

Due to the frozen status of the U.S. plan and the closed status of the U.K. plans, the accumulated benefit obligations and the projected benefits obligations are not materially different.

The underfunded status of the Company's defined benefit pension plans and post-retirement medical benefits plan recognized in the Consolidated Balance Sheets at December 31 consisted of:

December 31,	2012	2011
	(In thousands)	
Long-term accrued pension liability — U.S. plan	$122,700	$117,063
Long-term accrued pension liability — U.K. plans	18,850	1,088
Long-term accrued pension liability — other international plans	5,212	2,044
Pension obligations included in other noncurrent liabilities	3,671	3,403
Mandatory Company contributions in current liabilities	18,862	13,800
Pension obligations included in other accrued liabilities	292	296
Accumulated other comprehensive loss, before income taxes	(319,068)	(270,648)

The majority of our pension plans have projected benefit obligations in excess of the fair value of plan assets. For these plans, the projected benefit obligations and the fair value of plan assets were as follows as of December 31, 2012 and 2011:

December 31,	2012	2011
	(In thousands)	
Projected benefit obligation	$801,578	$677,461
Fair value of plan assets	629,399	535,748

Certain of our pension plans have fair values of plan assets that exceed the projected benefit obligations. For these plans, the projected benefit obligations and the fair value of plan assets were as follows as of December 31, 2012 and 2011:

78

Table of Contents

December 31,	2012	2011
	(In thousands)	
Projected benefit obligation	$11,734	$47,195
Fair value of plan assets	14,326	51,214

The following tables set forth the 2012 and 2011 changes in accumulated other comprehensive loss for the Company's defined benefit retirement plans and post-retirement medical benefits plan on a combined basis.

	Defined Benefit Pension Plans	Post-Retirement Medical Benefits Plan
	(In thousands)	
Net unrecognized actuarial (loss) gain at beginning of 2011	$(267,258)	$2,092
Amortization of net loss (gain) during 2011	11,347	(209)
Net loss arising during 2011	(16,089)	—
Currency translation for 2011	(531)	—
Net unrecognized actuarial (loss) gain at end of 2011	(272,531)	1,883
Amortization of net loss (gain) during 2012	9,832	(209)
Net loss arising during 2012	(59,919)	—
Currency translation for 2012	1,876	—
Net unrecognized actuarial (loss) gain at end of 2012	$(320,742)	$1,674

Net unrecognized actuarial losses included in accumulated other comprehensive loss and expected to be recognized in net periodic benefit costs during the year ending December 31, 2013 for the U.S. and U.K. plans are $12,538,000 ($8,455,000 net of tax).

Net periodic benefit cost related to the Company's defined benefit pension plans recognized in the Company's Consolidated Statements of Income for the years ended December 31, 2012, 2011, and 2010 included the following components:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Service cost	$2,220	$2,689	$2,514
Interest cost	35,137	36,048	36,098
Expected return on assets	(42,505)	(41,196)	(35,684)
Amortization of actuarial loss	9,832	11,347	10,815
Net periodic benefit cost	$4,684	$8,888	$13,743

Benefit cost for the U.S. defined benefit pension plan no longer includes service cost since the plan is frozen.

Over the next ten years, the following benefit payments are expected to be required to be made from the Company's U.S. and U.K. defined benefit pension plans:

Year Ending December 31,	Expected Benefit Payments
	(In thousands)
2013	$39,106
2014	40,393
2015	41,446
2016	42,535
2017	43,307
2018-2022	226,247

79

Table of Contents

Certain assumptions used in computing the benefit obligations and net periodic benefit cost for the U.S. and U.K. defined benefit pension plans were as follows:

U.S. Defined Benefit Plan:	2012		2011	
Discount rate used to compute benefit obligations	4.06	%	4.92	%
Discount rate used to compute periodic benefit cost	4.92	%	5.42	%
Expected long-term rates of return on plan's assets	7.25	%	8.00	%

U.K. Defined Benefit Plans:	2012		2011	
Discount rate used to compute benefit obligations	4.40	%	5.00	%
Discount rate used to compute periodic benefit cost	5.00	%	5.30	%
Expected long-term rates of return on plans' assets	7.85	%	8.25	%

The discount rate assumptions reflect the rates at which the Company believes the benefit obligations could be effectively settled. The discount rates were determined based on the yield for a portfolio of investment grade corporate bonds with maturity dates matched to the estimated future payments of the plans' benefit obligations. The expected long-term rates of return on plan assets were based on the plans' asset mix, historical returns on equity securities and fixed income investments, and an assessment of expected future returns. Because of the reallocation of the portfolios' mix of return-seeking assets and liability-hedging assets described below, the expected long-term rates of return on plan assets assumption used to determine 2013 net periodic pension cost were lowered to 6.75% and 7.06% for the U.S. and U.K. plans, respectively. If actual long-term rates of return differ from those assumed or if the Company used materially different assumptions, actual funding obligations could differ materially from these estimates. Due to the frozen status of the U.S. plan and closed status of the U.K. plans, increases in compensation rates are not material to the computations of benefit obligations or net periodic benefit cost.

Plans' Assets

The plans' asset allocations at the respective measurement dates, by asset category, for the Company's U.S. and U.K. defined benefit pension plans, were as follows:

	U.S. Plan				U.K. Plans			
December 31,	2012		2011		2012		2011	
Equity securities	32.9	%	35.8	%	24.0	%	26.5	%
Fixed income investments	65.1	%	63.2	%	55.7	%	41.1	%
Alternative strategies	—	%	—	%	19.1	%	22.1	%
Cash, Cash Equivalents and Short-term Investment Funds	2.0	%	1.0	%	1.2	%	10.3	%
Total asset allocation	100.0	%	100.0	%	100.0	%	100.0	%

Investment objectives for the Company's U.S. and U.K. pension plan assets are to ensure availability of funds for payment of plan benefits as they become due; provide for a reasonable amount of long-term growth of capital, without undue exposure to volatility; protect the assets from erosion of purchasing power; and provide investment results that meet or exceed the plans' actuarially assumed long-term rate of return.

Alternative strategies include funds that invest in derivative instruments such as futures, forward contracts, options and swaps, and funds that invest in real estate. These investments are used to help manage risks.

The long-term goal for the U.S. and U.K. plans is to reach fully-funded status and to maintain that status. The investment policies recognize that the plans' asset return requirements and risk tolerances will change over time. Accordingly, reallocation of the portfolios' mix of return-seeking assets and liability-hedging assets will be performed as the plans' funded status improves.

See Note 11, "Fair Value Measurements" for the fair value disclosures of the U.S. and U.K. pension plan assets. The assets of our other international plans are primarily insurance contracts, which are measured at contract value and are not measured at fair value.

80

Table of Contents

9. Common Stock

Shares of the Company's two classes of common stock are traded on the NYSE under the symbols CRDA and CRDB, respectively. The Company's two classes of stock are substantially identical, except with respect to voting rights and the Company's ability to pay greater cash dividends on the Class A Common Stock than on the Class B Common Stock, subject to certain limitations. In addition, with respect to mergers or similar transactions, holders of Class A Common Stock must receive the same type and amount of consideration as holders of Class B Common Stock, unless different consideration is approved by the holders of 75% of the Class A Common Stock, voting as a class. As described in Note 10, "Stock-Based Compensation," certain shares of CRDA are issued with restrictions under executive compensation plans.

During the quarter ending March 31, 2013, we declared cash dividends of $0.04 per share on CRDA and $0.03 per share on CRDB, which dividends are payable on March 22, 2013 to shareholders of record at the close of business on March 5, 2013.

In May 2012, the Board of Directors authorized a share repurchase program (the "2012 Repurchase Authorization") under which the Company may repurchase up to 2,000,000 shares of its common stock (either CRDA or CRDB or both) until May 2015. Under the 2012 Repurchase Authorization, which replaced Crawford's previously authorized repurchase program, repurchases may be made in open market or privately negotiated transactions at such times and for such prices as management deems appropriate, subject to applicable regulatory guidelines. Through December 31, 2012, the Company has reacquired 607,877 shares of CRDA and 7,000 shares of CRDB at an average cost of $4.63 and $3.83 per share, respectively, under this program. We did not repurchase any shares of CRDA or CRDB under any other share repurchase program in any period presented.

Net Income Attributable to Shareholders of Crawford & Company per Common Share

We compute earnings per share of CRDA and CRDB using the two-class method, which allocates the undistributed earnings for each period to each class on a proportionate basis. The Company's Board of Directors has the right, but not the obligation, to declare higher dividends on CRDA than on CRDB, subject to certain limitations. In periods when the dividend is the same for CRDA and CRDB or when no dividends are declared or paid to either class, the two-class method generally will yield the same earnings per share for CRDA and CRDB. During 2012 and 2011, the Board of Directors declared a higher dividend on CRDA than on CRDB.

The computations of basic net income attributable to shareholders of Crawford & Company per common share were as follows:

Year Ended December 31,	2012		2011		2010	
	CRDA	CRDB	CRDA	CRDB	CRDA	CRDB
	(In thousands, except earnings per share)					
Earnings per share - basic:						
Numerator:						
Allocation of undistributed earnings	$21,246	$17,762	$21,827	$18,705	$15,043	$13,285
Dividends paid	5,930	3,950	2,896	1,976	—	—
	27,176	21,712	24,723	20,681	15,043	13,285
Denominator:						
Weighted-average common shares outstanding	29,536	24,693	28,820	24,697	27,967	24,697
Earnings per share - basic	$0.92	$0.88	$0.86	$0.84	$0.54	$0.54

Table of Contents

The computations of diluted net income attributable to shareholders of Crawford & Company per common share were as follows:

Year Ended December 31,	2012		2011		2010	
	CRDA	CRDB	CRDA	CRDB	CRDA	CRDB
	(In thousands, except earnings per share)					
Earnings per share - diluted:						
Numerator:						
Allocation of undistributed earnings	$21,484	$17,524	$22,078	$18,454	$15,185	$13,143
Dividends paid	5,930	3,950	2,896	1,976	—	—
	27,414	21,474	24,974	20,430	15,185	13,143
Denominator:						
Number of shares used in basic earnings per share computation	29,536	24,693	28,820	24,697	27,967	24,697
Weighted-average effect of dilutive securities	736	—	729	—	570	—
	30,272	24,693	29,549	24,697	28,537	24,697
Earnings per share - diluted	$0.91	$0.87	$0.85	$0.83	$0.53	$0.53

Listed below are the shares excluded from the denominator in the above computation of diluted EPS for CRDA because their inclusion would have been antidilutive:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Stock options excluded due to the options' respective exercise prices being greater than the average market price during the period	1,154	1,428	1,844
Performance stock grants excluded because performance conditions had not been met (1)	1,169	721	—

(1) Compensation cost is recognized for these performance stock grants based on expected achievement rates, however no consideration is given for these performance stock grants when calculating EPS until the performance measurements have actually been achieved. The performance goals for all of these grants as of December 31, 2012 are expected to be achieved by December 31, 2014.

10. Stock-Based Compensation

The Company has various stock-based compensation plans for its employees and members of its board of directors. Only shares of CRDA can be issued under these plans. The fair value of an equity award is estimated on the grant date without regard to service or performance conditions. The fair value is recognized as compensation expense over the requisite service period for all awards that vest. When recognizing compensation costs, estimates are made for the number of awards that are expected to vest, and subsequent adjustments are made to reflect both changes in the number of shares expected to vest and actual vesting. Compensation cost recognized at the end of any year equals at least the portion of the grant-date value of an award that is vested at that date.

The pretax compensation expense recognized for all stock-based compensation plans was $3,660,000, $3,756,000, and $3,651,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

The total income tax benefit recognized in the Consolidated Statements of Income for stock-based compensation arrangements was approximately $1,221,000, $1,273,000, and $1,070,000 for the years ended December 31, 2012, 2011, and 2010, respectively. Some of the Company’s stock-based compensation awards are granted under plans which are designed not to be taxable as compensation to the recipient based on tax laws of the U.S. or other applicable country. Accordingly, the Company does not recognize tax benefits on all of its stock-based compensation expense.

During 2012, 2011, and 2010, the Company recognized no adjustments to additional paid-in capital for differences between deductions taken on its income tax returns related to stock-based compensation plans and the related income tax benefits previously recognized for financial reporting purposes.

Table of Contents

Stock Options

The Company has granted nonqualified and incentive stock options to key employees and directors. All stock options were for shares of CRDA. Option awards were granted with an exercise price equal to the closing market price of the Company's stock on the date of grant. The Company's stock option plans have been approved by shareholders, and the Company's Board of Directors is authorized to make specific grants of stock options under active plans. Employee stock options typically are subject to graded vesting over five years (20% each year) and have a typical life of ten years. Compensation cost for stock options is recognized on a straight-line basis over the requisite service period for the entire award. For the years ended December 31, 2012, 2011, and 2010, compensation expense of $0, $72,000, and $225,000, respectively, was recognized for employee stock option awards.

A summary of option activity as of December 31, 2012, 2011, and 2010, and changes during each year, is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)			(In thousands)
Outstanding at January 1, 2010	2,394	$ 6.74	3.3 years	$—
Exercised	—	—		
Forfeited or expired	(714)	6.61		
Outstanding at December 31, 2010	1,680	6.80	3.4 years	$—
Exercised	(2)	4.70		
Forfeited or expired	(330)	8.77		
Outstanding at December 31, 2011	1,348	6.33	2.9 years	$—
Exercised	—	—		
Forfeited or expired	(234)	8.57		(9)
Outstanding at December 31, 2012	1,114	$ 5.86	2.5 years	$459
Vested at December 31, 2012	1,114	$ 5.86	2.5 years	$459
Exercisable at December 31, 2012	1,114	$ 5.86	2.5 years	$459

No stock options were granted in 2012, 2011, or 2010. The intrinsic values of all outstanding stock options at December 31, 2011 and 2010 were zero since the per share market price of CRDA was less than the exercise price of all outstanding stock options. No options were exercised in 2010 or 2012. The options exercised in 2011 had an intrinsic value of less than $1,000. The total fair value of stock options vested during the years ended December 31, 2012, 2011, and 2010 was $0, $221,000, and $236,000, respectively.

At December 31, 2012, there was no unrecognized compensation cost related to unvested stock options for employee stock option awards. Directors' stock options had no unrecognized compensation cost since directors' options were vested when granted, and the grant-date fair values were fully expensed on grant date.

Performance-Based Stock Grants

Performance share grants are made to key employees of the Company. Such employees are eligible to earn shares of CRDA upon the achievement of certain individual and corporate objectives. Grants of performance shares are made at the discretion of the Company's Board of Directors, or the Board's Compensation Committee, and are subject to graded or cliff vesting over periods typically ranging from three to five years. Shares are not issued until the vesting requirements have been met. Dividends are not paid or accrued on unvested/unissued shares. The grant-date fair value of a performance share grant is based on the market value of CRDA on the date of grant, reduced for the present value of any dividends expected to be paid on CRDA shares but not paid to holders of unvested/unissued performance grants. Compensation expense for each vesting tranche in the award is recognized ratably from the grant date to the vesting date for each tranche.

Table of Contents

A summary of the status of the Company’s nonvested performance shares as of December 31, 2012, 2011, and 2010, and changes during each year, is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2010	1,058,506	$4.86
Granted	430,000	2.97
Vested	(1,017,063)	4.48
Forfeited or unearned	(33,765)	5.12
Nonvested at December 31, 2010	437,678	3.91
Granted	1,082,250	3.51
Vested	(651,271)	3.89
Forfeited or unearned	(8,157)	3.66
Nonvested at December 31, 2011	860,500	3.42
Granted	908,000	3.70
Vested	(531,791)	3.48
Forfeited or unearned	(67,584)	3.48
Nonvested at December 31, 2012	1,169,125	$3.68

The total fair value of the performance shares that vested in 2012, 2011, and 2010 was $1,849,000, $2,534,000, and $4,559,000, respectively.

Compensation expense recognized for all performance shares totaled $2,648,000, $2,748,000, and $2,300,000 for the years ended December 31, 2012, 2011, and 2010, respectively. Compensation cost for these awards is net of estimated or actual award forfeitures. As of December 31, 2012, there was an estimated $2,616,000 of unearned compensation cost for all nonvested performance shares. All of this unearned compensation cost is expected to be fully recognized by the end of 2014.

Restricted Shares

The Company’s Board of Directors may elect to issue restricted shares of CRDA in lieu of, or in addition to, cash payments to certain key employees. Employees receiving these shares are subject to restrictions on their ability to sell the shares. Such restrictions generally lapse ratably over vesting periods ranging from several months to five years. Restricted shares of CRDA, once vested, are eligible to receive nonforfeitable dividends as and when dividends are declared by the Company’s Board of Directors. The grant-date fair value of a restricted share of CRDA is based on the market value of the stock on the date of grant. Compensation cost is recognized on a straight-line basis over the requisite service period since these awards only have service conditions once granted.

Table of Contents

A summary of the status of the Company’s restricted shares of CRDA as of December 31, 2012, 2011, and 2010 and changes during each year, is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2010	75,900	$4.98
Granted	127,616	2.57
Vested	(166,866)	3.20
Forfeited or unearned	(11,450)	2.62
Nonvested at December 31, 2010	25,200	5.62
Granted	167,736	3.33
Vested	(184,266)	3.58
Nonvested at December 31, 2011	8,670	4.69
Granted	239,913	4.03
Vested	(177,498)	4.00
Forfeited or unearned	(3,918)	4.38
Nonvested at December 31, 2012	67,167	4.29

Compensation expense recognized for all restricted shares for the years ended December 31, 2012, 2011, and 2010 was $607,000, $557,000, and $597,000, respectively. As of December 31, 2012, there was $328,000 of total unearned compensation cost related to nonvested restricted shares which is expected to be recognized by December 31, 2016.

Employee Stock Purchase Plans

The Company has three employee stock purchase plans: the U.S. Plan, the U.K. Plan, and the International Plan. The U.S. Plan is also available to eligible employees in Canada, Puerto Rico, and the U.S. Virgin Islands. The International Plan is for eligible employees located in certain other countries who are not covered by the U.S. Plan or the U.K. Plan. All plans are compensatory.

For the U.S., U.K., and International plans, the requisite service period is the period of time over which the employees contribute to the plans through payroll withholdings. For purposes of recognizing compensation expense, estimates are made for the total withholdings expected over the entire withholding period. The market price of a share of stock at the beginning of the withholding period is then used to estimate the total number of shares that will be purchased using the total estimated withholdings. Compensation cost is recognized ratably over the withholding period.

Under the U.S. Plan, the Company is authorized to issue up to 1,500,000 shares of CRDA to eligible employees. Participating employees can elect to have up to $21,000 of their eligible annual earnings withheld to purchase shares at the end of the one-year withholding period which starts each July 1 and ends the following June 30. The purchase price of the stock is 85% of the lesser of the closing price for a share of such stock on the first day or the last day of the withholding period. Participating employees may cease payroll withholdings during the withholding period and/or request a refund of all amounts withheld before any shares are purchased.

Since the U.S. Plan involves a look-back option, the calculation of compensation cost is separated into two components. The first component is calculated as 15% (the employee discount) of a nonvested share of CRDA. The second component involves using the Black-Scholes-Merton option-pricing formula to value a one year option to purchase 85% of a share of CRDA. This value is adjusted to reflect the effect of any estimated dividends that the employee will not receive during the life of the option component.

During the years ended December 31, 2012 and 2011, a total of 148,365 and 240,923 shares, respectively, of CRDA were issued under the U.S. Plan to the Company's employees at purchase prices of $3.29 and $2.17, respectively. At December 31, 2012, an estimated 115,000 shares will be purchased under the U.S. Plan in 2013. During the years ended December 31, 2012, 2011, and 2010, compensation expense of $270,000, $226,000, and $406,000, respectively, was recognized for the U.S. Plan.

85

Table of Contents

Under the U.K. Plan, the Company is authorized to issue up to 1,000,000 shares of CRDA. Under the U.K. Plan, eligible employees can elect to have up to £250 withheld from payroll each month to purchase shares at the end of a three-year withholding period. The purchase price of a share of stock is 85% of the market price of the stock at the beginning of the withholding period. Participating employees may cease payroll withholdings and/or request a refund of all amounts withheld before any shares are purchased.

For purposes of calculating the compensation expense for shares issuable under the U.K. Plan, the fair value of a share is equal to 15% (the employee discount) of the market price of a share of CRDA at the beginning of the withholding period.

At December 31, 2012, an estimated 992,000 shares will be eligible for purchase under the U.K. Plan at the end of the current withholding periods. This estimate is subject to change based on future fluctuations in the value of the British pound against the U.S. dollar, future changes in the market price of CRDA, and future employee participation rates. The purchase price for a share of CRDA under the U.K. Plan ranges from $1.87 to $5.05. For the years ended December 31, 2012, 2011, and 2010, compensation cost of $138,000, $153,000, and $130,000, respectively, was recognized for the U.K. Plan. During 2012, 2011, and 2010, a total of 15,008 shares, 20,363, shares and 0 shares of CRDA were issued under the U.K. Plan, respectively.

Under the International Plan, up to 1,000,000 shares of CRDA may be issued. Participating employees can elect to have up to $25,000 of their eligible annual earnings withheld to purchase up to 5,000 shares of CRDA at the end of the one-year withholding period which starts each July 1 and ends the following June 30. The purchase price of the stock is 85% of the lesser of the closing price for a share of such stock on the first day or the last day of the withholding period. Participating employees may cease payroll withholdings during the withholding period and/or request a refund of all amounts withheld before any shares are purchased. The first purchase period under the International Plan began on July 1, 2010. No shares were issued under the International Plan in 2012, 2011, or 2010.

11. Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1— Quoted prices in active markets for identical assets or liabilities.

- Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Table of Contents

Recurring Fair Value Measurements

The following table presents the Company’s assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

December 31,	2012			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In thousands)			
Assets:				
Money market funds (1)	$47	$—	$—	$47
Liabilities:				
Derivative not designated as hedging instrument:				
Cross currency basis swap (2)	—	752	—	752

(1) The fair values of the money market funds were based on recently quoted market prices and reported transactions in an active marketplace. Money market funds are included on the Company’s Consolidated Balance Sheets in "Cash and cash equivalents."

(2) The fair value of the cross currency basis swap was derived from a discounted cash flow analysis based on the terms of the swap and the forward curves for interest rates adjusted for the Company's credit risk. $432,000 of the fair value of the cross currency basis swap is included in "Other accrued liabilities" and $320,000 of the fair value of the cross currency basis swap is included in "Other noncurrent liabilities" on the Company’s Consolidated Balance Sheets, based upon the term of the cross currency basis swap.

December 31,	2011			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market funds (1)	$2,047	$—	$—	$2,047
Liabilities:				
Derivatives not designated as hedging instruments:				
Interest rate swap (2)	—	667	—	667
Cross currency basis swap (3)	—	49	—	49

(1) The fair values of the money market funds were based on recently quoted market prices and reported transactions in an active marketplace. Money market funds are included on the Company’s Consolidated Balance Sheets in "Cash and cash equivalents."

(2) The fair value of the interest rate swap was derived from a discounted cash flow analysis based on the terms of the swap and the forward interest rate curve adjusted for the Company’s credit risk. The fair value of the interest rate swap is included in "Other accrued liabilities" on the Company’s Consolidated Balance Sheets, based upon the term of the interest rate swap.

(3) The fair value of the cross currency basis swap was derived from a discounted cash flow analysis based on the terms of the swap and the forward curves for interest rates adjusted for the Company's credit risk. The fair value of the cross currency basis swap is included in "Other accrued liabilities" on the Company’s Consolidated Balance Sheets, based upon the term of the cross currency basis swap.

The fair values of accounts receivable, unbilled revenues, accounts payable and short-term borrowings approximate their respective carrying values due to the short-term maturities of the instruments. The interest rate on the Company's variable rate long-term debt resets every 90 days; therefore, the recorded value approximates fair value.

Table of Contents

Fair Value Measurements for Defined Benefit Pension Plans

The fair value hierarchy is also applied to certain other assets that indirectly impact our consolidated financial statements. Assets contributed by the Company for our defined benefit pension plans become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net periodic benefit cost, as well as amounts recognized in our consolidated balance sheets. The Company uses the fair value hierarchy to measure the fair value of assets held by our U.S. and U.K. defined benefit pension plans.

The following table summarizes the level within the fair value hierarchy used to determine the fair value of our pension plan assets for our U.S. plan at December 31, 2012 and 2011:

December 31,	2012				2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
Assets Category:								
Cash and Cash Equivalents	$752	$—	$—	$752	$3,690	$—	$—	$3,690
Short-term Investment Funds	—	7,167	—	7,167	—	—	—	—
Equity Securities:								
U.S.	20,180	65,707	—	85,887	20,379	84,175	—	104,554
International	636	42,436	—	43,072	1,229	20,910	—	22,139
Fixed Income Securities:								
U.S.	10,224	235,985	—	246,209	—	208,324	—	208,324
International	—	9,170	—	9,170	—	15,734	—	15,734
Other	—	46	—	46	—	—	—	—
TOTAL	$31,792	$360,511	$—	$392,303	$25,298	$329,143	$—	$354,441

Table of Contents

The following table summarizes the level within the fair value hierarchy used to determine the fair value of our pension plan assets for our U.K. plans at December 31, 2012 and 2011:

December 31,	2012				2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
Assets Category:								
Cash and Cash Equivalents	$2,951	$—	$—	$2,951	$21,974	$—	$—	$21,974
Equity Securities:								
U.S.	25,358	—	—	25,358	13,004	—	—	13,004
International	28,431	1,337	—	29,768	19,314	24,222	—	43,536
Fixed Income Securities:								
Money market funds	—	49,806	—	49,806	6	2,490	—	2,496
Government securities	1,546	61,893	—	63,439	162	64,852	—	65,014
Corporate bonds and debt securities	—	14,064	—	14,064	—	17,377	—	17,377
Mortgage-backed securities	—	694	—	694	—	1,376	—	1,376
Other	—	—	—	—	—	1,656	—	1,656
Alternative strategy funds	17,035	13,569	—	30,604	22,449	15,842	931	39,222
Real estate funds	—	—	13,238	13,238	—	—	7,980	7,980
TOTAL	$75,321	$141,363	$13,238	$229,922	$76,909	$127,815	$8,911	$213,635

Short-term investment funds consist primarily of funds with a maturity of 60 days or less and are valued at amortized cost which approximates fair value.

Equity securities consist primarily of publicly traded U.S. companies and international companies and common collective funds. Publicly traded equities are valued at the closing prices reported in the active market in which the individual securities are traded. Common collective funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

Fixed income securities consists of money market funds, government securities, corporate bonds and debt securities, mortgage-backed securities and other common collective funds. Government securities are valued by third-party pricing sources. Corporate bonds are valued using either the yields currently available on comparable securities of issuers with similar credit ratings or using a discounted cash flows approach that utilizes observable inputs, such as current yields of similar instruments, and includes adjustments for valuation adjustments from internal pricing models which use observable inputs such as issuer details, interest rates, yield curves, default rates and quoted prices for similar assets. Mortgage-backed securities are valued by pricing service providers that use broker-dealer quotations or valuation estimates from their internal pricing models. Other common collective funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

Alternative strategy funds consist of funds invested in listings on active exchanges, which are valued as Level 1 assets, and amounts in funds valued at the net asset value per share multiplied by the number of shares held as of the measurement date, which are valued as Level 2 assets. Alternative strategy funds may include derivative instruments such as futures, forward contracts, options and swaps and are used to help manage risks. Derivative instruments are generally valued by the investment managers or in certain instances by third party pricing sources.

89

Table of Contents

Real estate funds are primarily property unit trusts whose values are primarily reported by the fund manager and are based on valuation of the underlying investments which include inputs such as cost, discounted cash flows, independent appraisals and market-based comparable data. The fair values may, due to the inherent uncertainty of valuation for those investments, differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for our U.K. pension plans for the years ended December 31, 2012 and 2011:

	Alternative Strategy Funds (In thousands)	Real Estate Funds	Total
Balance at December 31, 2010	$—	$—	$—
Actual return on plan assets:			
Related to assets still held at the reporting date	(40)	(765)	(805)
Purchases, sales and settlements—net	971	8,745	9,716
Balance at December 31, 2011	$931	$7,980	$8,911
Actual return on plan assets:			
Related to assets still held at the reporting date	(665)	(107)	(772)
Purchases, sales and settlements—net	(266)	5,365	5,099
Balance at December 31, 2012	$—	$13,238	$13,238

12. Segment and Geographic Information

The Company's four reportable segments represent components of the business for which separate financial information is available that is evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance. The segments are organized based upon the nature of services and/or geographic areas served and are: Americas, which serves the property and casualty insurance company markets in the U.S., Canada, Latin America, and the Caribbean; EMEA/AP which serves the property and casualty insurance company and self-insurance markets in Europe, including the U.K., the Middle East, Africa, and Asia-Pacific (which includes Australia and New Zealand); Broadspire which serves the self-insurance marketplace, primarily in the U.S.; and Legal Settlement Administration which serves the securities, bankruptcy, and other legal settlement markets, primarily in the U.S. Intersegment sales are recorded at cost and are not material.

Operating earnings is the primary financial performance measure used by the Company's senior management and the CODM to evaluate the financial performance of the Company's four operating segments. The Company believes this measure is useful to investors in that it allows investors to evaluate segment operating performance using the same criteria used by the Company's senior management. Operating earnings will differ from net income computed in accordance with GAAP since operating earnings represent segment earnings (loss) before certain unallocated corporate and shared costs and credits, goodwill and intangible asset impairment charges, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, special charges and credits, income taxes, and net income attributable to noncontrolling interests.

Segment operating earnings (loss) includes allocations of certain corporate and shared costs. If the Company changes its allocation methods or changes the types of costs that are allocated to its four operating segments, prior period amounts are adjusted to reflect the current allocation process.

In the normal course of its business, the Company sometimes pays for certain out-of-pocket expenses that are thereafter reimbursed by its clients. Under GAAP, these out-of-pocket expenses and associated reimbursements are required to be included when reporting expenses and revenues, respectively, in the Company’s consolidated results of operations. However, in evaluating segment revenues, Company management excludes these reimbursements from segment revenues.

Table of Contents

Financial information as of and for the years ended December 31, 2012, 2011, and 2010 covering the Company's reportable segments was as follows:

	Americas	EMEA/AP	Broadspire	Legal Settlement Administration	Total
	(In thousands)				
2012					
Revenues before reimbursements	$334,431	$366,718	$238,960	$236,608	$1,176,717
Segment operating earnings	11,877	48,585	27	60,284	120,773
Depreciation and amortization (1)	3,694	5,109	2,537	4,263	15,603
Assets	137,610	284,978	111,043	106,878	640,509
2011					
Revenues before reimbursements	$357,716	$340,246	$234,775	$192,618	$1,125,355
Segment operating earnings (loss)	19,851	28,421	(11,434)	51,307	88,145
Depreciation and amortization (1)	4,222	4,787	2,766	3,469	15,244
Assets	139,968	266,161	123,815	92,343	622,287
2010					
Revenues before reimbursements	$334,940	$285,798	$245,496	$164,183	$1,030,417
Segment operating earnings (loss)	20,748	24,828	(11,712)	47,661	81,525
Depreciation and amortization (1)	4,277	4,591	2,902	2,630	14,400
Assets	137,541	240,831	135,019	81,848	595,239

(1) Excludes amortization expense of finite-lived customer-relationship and trade name intangible assets.

Substantially all revenues earned in the Broadspire and Legal Settlement Administration segments are earned in the U.S. Substantially all of the revenues earned in the EMEA/AP segment are earned outside of the U.S.

Revenues by major service line in the U.S. and by area for other regions in the Americas segment and by service line for the Broadspire segment is shown in the following table. It is not practicable to provide revenues by service line for the EMEA/AP segment.

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Americas			
U.S. Claims Field Operations	$105,973	$113,487	$121,488
Contractor Connection	27,470	22,678	20,174
U.S. Technical Services	29,081	32,186	30,187
U.S. Catastrophe Services	38,504	37,648	17,864
Subtotal U.S. Property & Casualty	201,028	205,999	189,713
Canada—all service lines	120,767	136,177	130,824
Latin America/Caribbean—all service lines	12,636	15,540	14,403
Total Revenues before Reimbursements—Americas	$334,431	$357,716	$334,940
Broadspire			
Workers' Compensation and Liability Claims Management	$100,051	$100,039	$108,316
Medical Management	122,833	118,205	118,378
Risk Management Information Services	16,076	16,531	18,802
Total Revenues before Reimbursements—Broadspire	$238,960	$234,775	$245,496

91

Table of Contents

Legal Settlement Administration considers all of its revenues to be derived from one service line. For the years ended December 31, 2012 and 2011, it had revenues before reimbursements associated with two related special projects that exceeded 10% of the Company's consolidated revenues before reimbursements. Revenues from these special projects were $165.6 million and $121.1 million in 2012 and 2011, respectively.

Capital expenditures for the years ended December 31, 2012, 2011, and 2010 are shown in the following table:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Americas	$4,944	$4,356	$4,733
EMEA/AP	5,225	6,581	4,059
Broadspire	7,187	6,504	9,197
Legal Settlement Administration	9,167	5,451	6,280
Corporate	6,653	7,006	3,510
Total capital expenditures	$33,176	$29,898	$27,779

The total of the Company’s reportable segments’ revenues reconciled to total consolidated revenues for the years ended December 31, 2012, 2011, and 2010 was as follows:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Segments’ revenues before reimbursements	$1,176,717	$1,125,355	$1,030,417
Reimbursements	89,421	86,007	80,384
Total consolidated revenues	$1,266,138	$1,211,362	$1,110,801

The Company’s reportable segments’ total operating earnings reconciled to consolidated income before income taxes for the years ended December 31, 2012, 2011, and 2010 were as follows:

Year Ended December 31,	2012	2011	2010
	(In thousands)		
Operating earnings of all reportable segments	$120,773	$88,145	$81,525
Unallocated corporate and shared costs and credits	(10,613)	(9,555)	(5,841)
Goodwill and intangible asset impairment charges	—	—	(10,788)
Net corporate interest expense	(8,607)	(15,911)	(15,002)
Stock option expense	(408)	(450)	(761)
Amortization of customer-relationship intangible assets	(6,373)	(6,177)	(5,995)
Special charges and credits	(11,332)	2,379	(4,650)
Income before income taxes	$83,440	$58,431	$38,488

Table of Contents

The Company’s reportable segments’ total assets reconciled to consolidated total assets of the Company at December 31, 2012 and 2011 are presented in the following table. All foreign-denominated cash and cash equivalents are reported within the Americas and EMEA/AP segments, while all U.S. cash and cash equivalents are reported as corporate assets in the following table:

December 31,	2012	2011
	(In thousands)	
Assets of reportable segments	$640,509	$622,287
Corporate assets:		
Cash and cash equivalents	10,402	16,379
Unallocated allowances on receivables	(3,760)	(2,528)
Property and equipment	8,458	8,372
Capitalized software costs, net	60,381	53,939
Assets of deferred compensation plan	14,741	14,467
Capitalized loan costs	3,878	4,682
Deferred income tax assets	99,288	91,210
Prepaid expenses and other current assets	4,923	2,343
Other noncurrent assets	6,003	7,326
Total corporate assets	204,314	196,190
Total assets	$844,823	$818,477

Revenues and long-lived assets for the countries in which revenues or long-lived assets represent more than 10 percent of the consolidated totals are set out in the two tables below. For the purposes of these geographic area disclosures, long-lived assets include items such as property and equipment and capital lease assets and exclude intangible assets, including goodwill. In the Americas segment, only the U.S. and Canada are considered material for disclosure.

	U.S.	Canada	Other	Total Americas Segment
	(In thousands)			
2012				
Revenues before reimbursements	$201,028	$120,767	$12,636	$334,431
Long-lived assets	2,522	4,566	1,029	8,117
2011				
Revenues before reimbursements	205,999	136,177	15,540	357,716
Long-lived assets	3,026	5,661	1,161	9,848
2010				
Revenues before reimbursements	189,713	130,824	14,403	334,940
Long-lived assets	3,426	7,321	1,097	11,844

Table of Contents

In the EMEA/AP segment, only the U.K. is considered material for disclosure.

	U.K.	CEMEA	Asia/Pacific	Total EMEA/AP Segment
	(In thousands)			
2012				
Revenues before reimbursements	$133,436	$97,396	$135,886	$366,718
Long-lived assets	9,717	2,286	5,353	17,356
2011				
Revenues before reimbursements	149,209	95,599	95,438	340,246
Long-lived assets	10,228	2,787	5,211	18,226
2010				
Revenues before reimbursements	134,388	86,811	64,599	285,798
Long-lived assets	8,892	2,026	3,797	14,715

13. Client Funds

The Company maintains funds in custodial accounts at financial institutions to administer claims for certain clients. These funds are not available for the Company’s general operating activities and, as such, have not been recorded in the accompanying Consolidated Balance Sheets. The amount of these funds totaled $815,608,000 and $234,830,000 at December 31, 2012 and 2011, respectively. In addition, the Company’s Legal Settlement Administration segment administers funds in noncustodial accounts at financial institutions that totaled $350,705,000 and $391,097,000 at December 31, 2012 and 2011, respectively.

14. Commitments and Contingencies

As part of the Company’s Credit Facility, the Company maintains a letter of credit facility to satisfy certain of its own contractual requirements. At December 31, 2012, the aggregate amount committed under the facility was $18,171,000.

In the normal course of the claims administration services business, the Company is sometimes named as a defendant in suits by insureds or claimants contesting decisions made by the Company or its clients with respect to the settlement of claims. Additionally, certain clients of the Company have in the past brought, and may in the future bring, actions for indemnification on the basis of alleged negligence by the Company, its agents, or its employees in rendering services to clients. The majority of these claims are of the type covered by insurance maintained by the Company. However, the Company is responsible for the deductibles and self-insured retentions under various insurance coverages. In the opinion of Company management, adequate provisions have been made for such known and foreseeable risks.

The Company is subject to numerous federal, state, and foreign employment laws, and from time to time the Company faces claims by its employees and former employees under such laws. Such claims or litigation involving the Company or any of the Company’s current or former employees could divert management’s time and attention from the Company’s business operations and could potentially result in substantial costs of defense, settlement or other disposition, which could have a material adverse effect on the Company’s results of operations, financial position, and cash flows. In the opinion of Company management, adequate provisions have been made for such known and foreseeable risks.

15. Special Charges and Credits

During 2012, the Company recorded pretax special charges of $11,332,000, consisting of $1,163,000 for severance costs, $642,000 for retention bonuses, $849,000 for temporary labor costs, and $140,000 for other expenses for a project to outsource certain aspects of our U.S. technology infrastructure; $4,285,000 to adjust the estimated loss on a leased facility the Company no longer uses; and $3,404,000 for severance costs and $849,000 for lease termination costs, primarily related to restructuring activities in our North American operations. As of December 31, 2012, the remaining liabilities in our Consolidated Balance Sheet were as follows:

Table of Contents

Line item in Balance Sheet	Amount Accrued as of December 31, 2012 (In thousands)	When Expected to be Paid
Deferred rent	$2,148	Amortized over the life of the lease, through December 31, 2021
Accrued compensation and related costs	$2,303	2013
Other accrued liabilities	$1,509	2013
Other noncurrent liabilities	$1,253	2014

During 2011, the Company recorded a net pretax special credit of $2,379,000, consisting of a gain of $6,992,000 related to the final settlement of a legal arbitration, net of a $3,415,000 write-off of deferred financing costs related to the repayment of its then-outstanding Term Loan B, and $1,198,000 in severance expense related to the Broadspire segment.

In 2010, the Company recorded pretax special charges of $1,987,000 for severance costs related to reductions in administrative staff and $2,663,000 for a loss on the partial sublease of our Broadspire facility in Plantation, Florida (see Note 6, “Commitments Under Operating Leases”).

Table of Contents

Management's Statement on Responsibility for Financial Reporting

The management of Crawford & Company is responsible for the integrity and objectivity of the financial information in this Annual Report on Form 10-K. The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States, using informed judgments and estimates where appropriate.

The Company maintains a system of internal accounting policies, procedures, and controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are executed and recorded in accordance with management's authorization. The internal accounting control system is augmented by a program of internal audits and reviews by management, written policies and guidelines, and the careful selection and training of qualified personnel.

The Audit Committee of the Board of Directors, comprised solely of outside directors, is responsible for monitoring the Company's accounting and reporting practices. The Audit Committee meets regularly with management, the internal auditors, and the independent auditors to review the work of each and to assure that each performs its responsibilities. The independent registered public accounting firm, Ernst & Young LLP, was selected by the Audit Committee of the Board of Directors. Both the internal auditors and Ernst & Young LLP have unrestricted access to the Audit Committee allowing open discussion, without management present, on the quality of financial reporting and the adequacy of accounting, disclosure and financial reporting controls.

/s/ Jeffrey T. Bowman
Jeffrey T. Bowman
President and
Chief Executive Officer

/s/ W. Bruce Swain
W. Bruce Swain
Executive Vice President
and Chief Financial Officer

/s/ W. Forrest Bell
W. Forrest Bell
Vice President, Corporate Controller,
and Chief Accounting Officer

March 18, 2013

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Crawford & Company

We have audited the accompanying consolidated balance sheets of Crawford & Company as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, shareholders' investment, and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Crawford & Company at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Crawford & Company's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 18, 2013 expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia
March 18, 2013

Table of Contents

CRAWFORD & COMPANY

QUARTERLY FINANCIAL DATA (UNAUDITED)

2012 Quarterly Period	First	Second	Third	Fourth(3)	Full Year
	(In thousands, except per share amounts and amounts in footnotes)				
Revenues from services:					
Revenues before reimbursements	$267,753	$293,847	$302,136	$312,981	$1,176,717
Reimbursements	19,593	25,169	22,110	22,549	89,421
Total revenues	287,346	319,016	324,246	335,530	1,266,138
Total costs of services	218,995	237,706	233,699	243,948	934,348
Income before income taxes	9,613	18,275	28,774	26,778	83,440
Americas operating (loss) earnings (1)	(512)	1,407	6,534	4,448	11,877
EMEA/AP operating earnings (1)	5,608	11,757	12,988	18,232	48,585
Broadspire operating earnings (loss) (1)	137	(338)	(216)	444	27
Legal Settlement Administration operating earnings (1)	10,683	15,792	15,639	18,170	60,284
Unallocated corporate and shared costs and credits	(1,524)	(4,662)	(1,986)	(2,441)	(10,613)
Net corporate interest expense	(2,169)	(2,387)	(2,229)	(1,822)	(8,607)
Stock option expense	(122)	(123)	(77)	(86)	(408)
Amortization of customer-relationship intangible assets	(1,598)	(1,600)	(1,546)	(1,629)	(6,373)
Special charges and credits	(890)	(1,571)	(333)	(8,538)	(11,332)
Income taxes	(3,393)	(7,583)	(10,237)	(12,473)	(33,686)
Net income attributable to noncontrolling interests	(155)	(267)	(322)	(122)	(866)
Net income attributable to shareholders of Crawford & Company	$6,065	$10,425	$18,215	$14,183	$48,888
Earnings per CRDB share — basic (2) (5)	$0.11	$0.19	$0.33	$0.26	$0.88
Earnings per CRDB share — diluted (2) (5)	$0.11	$0.18	$0.33	$0.25	$0.87

98

Table of Contents

2011 Quarterly Period	First	Second	Third	Fourth(4)	Full Year
	(In thousands, except per share amounts and amounts in footnotes)				
Revenues from services:					
Revenues before reimbursements	$285,038	$291,713	$282,967	$265,637	$1,125,355
Reimbursements	19,070	22,369	25,252	19,316	86,007
Total revenues	304,108	314,082	308,219	284,953	1,211,362
Total costs of services	226,012	233,142	236,829	221,946	917,929
Income before income taxes	17,964	19,659	20,625	183	58,431
Americas operating earnings (loss) (1)	3,114	10,195	6,780	(238)	19,851
EMEA/AP operating earnings (1)	7,152	7,627	5,686	7,956	28,421
Broadspire operating loss (1)	(3,160)	(3,099)	(2,925)	(2,250)	(11,434)
Legal Settlement Administration operating earnings (1)	16,998	14,758	10,781	8,770	51,307
Unallocated corporate and shared costs and credits	(350)	(4,043)	(956)	(4,206)	(9,555)
Net corporate interest expense	(4,136)	(4,118)	(4,142)	(3,515)	(15,911)
Stock option expense	(155)	(142)	(78)	(75)	(450)
Amortization of customer-relationship intangible assets	(1,499)	(1,519)	(1,513)	(1,646)	(6,177)
Special charges and credits	—	—	6,992	(4,613)	2,379
Income taxes	(6,037)	(6,005)	(5,295)	4,598	(12,739)
Net loss (income) attributable to noncontrolling interests	220	(185)	(34)	(289)	(288)
Net income attributable to shareholders of Crawford & Company	$12,147	$13,469	$15,296	$4,492	$45,404
Earnings per CRDB share — basic (2) (5)	$0.23	$0.25	$0.28	$0.08	$0.84
Earnings per CRDB share — diluted (2) (5)	$0.23	$0.25	$0.28	$0.08	$0.83

(1) This is a segment financial measure representing segment earnings (loss) before certain unallocated corporate and shared costs and credits, goodwill and intangible asset impairment charges, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, special charges and credits, income taxes, and net income attributable to noncontrolling interests. See Note 12, “Segment and Geographic Information,” to the audited Consolidated Financial Statements contained in this Item 8.

(2) Due to the method used in calculating per share data as prescribed by ASC 260, “Earnings Per Share,” the quarterly per share data may not total to the full-year per share data.

(3) During the fourth quarter of 2012, the Company recorded $8.5 million in special pretax charges, consisting of $4.3 million to adjust the estimated loss on a leased facility the Company no longer uses and $3.4 million for severance costs and $0.8 million for lease termination costs, primarily related to restructuring activities in our North American operations. See Note 15, “Special Charges and Credits," to the audited Consolidated Financial Statements contained in this Item 8.

(4) During the fourth quarter of 2011, the Company recorded $4.6 million in special pretax charges and credits, consisting of a $3.4 million write-off of deferred financing costs related to the repayment of its then-outstanding Term Loan B, and $1.2 million in severance expense related to the Broadspire segment. See Note 15, “Special Charges and Credits," to the audited Consolidated Financial Statements contained in this Item 8. The Company also recorded a tax benefit of $5.5 million related to a change in the valuation allowance for foreign tax credits.

(5) Beginning in the 2011 third quarter, the Company paid a higher dividend on its CRDA common stock than on its CRDB shares. This dividend differential can result in different earnings per share for each class of stock due to the two-class method of computing EPS as required by current accounting guidance. Only CRDB is shown here, as that presents a more dilutive measure.

99

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Registrant maintains a set of disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), designed to ensure that information required to be disclosed by the Registrant in reports that it files or submits under the Exchange Act is recorded, processed, summarized or reported within the time periods specified in SEC rules and regulations.

Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. Judgments in decision-making can be faulty and breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.
The Registrant's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Registrant's disclosure controls and procedures as of December 31, 2012. Based on that evaluation, the Registrant's Chief Executive Officer and Chief Financial Officer concluded that the Registrant's disclosure controls and procedures were not effective as of December 31, 2012, due to the material weakness in internal control over financial reporting related to accounting for income taxes described below.

(b) Report of Management on Internal Control over Financial Reporting

The management of Crawford & Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the Company's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the

Company are made only in accordance with authorizations of the Company's management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Table of Contents

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management determined that the Company did not maintain effective internal control over financial reporting as of December 31, 2012 due to the material weakness described below.

In connection with its assessment, management identified a control deficiency in the Company's internal controls over financial reporting related to accounting for income taxes. Specifically, the Company did not maintain sufficient resources in the corporate tax function to provide for adequate and timely preparation and review of various income tax calculations, reconciliations and related supporting documentation required to apply our accounting policies for income taxes in accordance with U.S. GAAP. Although this control deficiency has not resulted in any misstatement in our annual or interim financial statements, this control deficiency, if not corrected, could result in a material misstatement of the income tax accounts that, if not detected on a timely basis, could therefore result in a material misstatement in our annual or interim consolidated financial statements in the future. Therefore, we have concluded that this control deficiency constitutes a material weakness.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The Company's independent registered public accounting firm, Ernst & Young LLP, is appointed by the Audit Committee. Ernst & Young LLP has audited and reported on the consolidated financial statements of Crawford & Company and the Company's internal control over financial reporting, each as contained in this Annual Report on Form 10-K.

(c) Remediation of Material Weakness

Management has determined that its processes and procedures over accounting for income taxes are not adequate and sustainable for the Company's size and complexity. As a result, beginning in the first quarter of 2013 the Company is implementing, or planning to implement, a number of steps to remediate the material weakness discussed above and improve its internal control over financial reporting related to accounting for income taxes. Specifically, the following actions are being taken or are planned:

- recruiting and hiring additional qualified personnel;
- retaining outside consultants to review our tax accounting software for opportunities to improve effectiveness of system reporting;
- implementing additional policies and procedures to enhance internal control and provide timely reconciliation and review of the Company's income tax accounting including those policies and procedures related to our international operations; and
- restructuring the Company's corporate tax function to separate the tax accounting function from other tax-related activities.

Management is committed to improving the Company's internal control processes and is developing and presenting to its Audit Committee a plan and timetable for the implementation of all of the remediation measures described above, and intends to meet frequently with the Audit Committee to monitor the status of remediation activities. Management believes that the measures described above should remediate the material weakness identified and strengthen the Company's internal control over financial reporting related to accounting for income taxes. As the Company continues to evaluate and improve its internal control over financial reporting related to accounting for income taxes, additional measures to remediate the material weakness or modifications to certain of the remediation procedures described above may be necessary. The Company expects to complete the required remedial actions during 2013.

101

Table of Contents

(d) Attestation Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Crawford & Company

We have audited Crawford & Company's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Crawford & Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in controls over financial reporting related to accounting for income taxes. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Crawford & Company as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, shareholders' investment, and cash flows for each of the three years in the period ended December 31, 2012. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2012 financial statements, and this report does not affect our report dated March 18, 2013, which expressed an unqualified opinion on those financial statements.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Crawford & Company has not maintained effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.
/s/ Ernst & Young LLP

Atlanta, Georgia
March 18, 2013

Table of Contents

(e) Changes in Internal Control over Financial Reporting

There were no changes in the Registrant's internal control over financial reporting during the fourth quarter of 2012 that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting. Subsequent to the fourth quarter of 2012 and in connection with the identification of the material weakness described above, the Company has taken, or plans to take a number of remediation activities designed to remediate such material weakness, as described above.

ITEM 9B. OTHER INFORMATION

On March 15, 2013, the Company entered into a restated employment agreement (the “Restated Agreement”) with Mr. Bowman, which replaced Mr. Bowman's previous employment agreement with the Company, dated as of August 7, 2009. The Restated Agreement, which is effective as of January 1, 2013, has an initial term through March 31, 2014, with automatic one-year extensions unless either party gives notice to the other on or before February 1 immediately prior to the applicable expiration date. The Restated Agreement provides for a minimum annual base salary of $730,000 and eligibility for an annual cash incentive award opportunity payable upon the achievement of performance objectives established by the Compensation Committee. The Restated Agreement also provides that Mr. Bowman is eligible to receive equity incentive awards under the Company's incentive compensation plans, as well as to participate in the Company's executive benefit program, including the provision of an automobile allowance and payment of life insurance premiums. The Restated Agreement also generally provides that Mr. Bowman is entitled to participate in benefit and incentive plans generally offered to the Company's executive officers.

The Restated Agreement provides that on January 1, 2013, and each year thereafter that Mr. Bowman remains employed by the Company on January 1 of such calendar year, the Company will make a contribution to Mr. Bowman's account under the Company's deferred compensation plan that is equal to (i) the greater of (a) $75,000 or (b) 3.5% of Mr. Bowman's cash compensation plus 2.5% of Mr. Bowman's excess compensation (each as defined in the deferred compensation plan) for such year, reduced by (ii) the lesser of the Company's matching contributions to the Company's 401(k) plan on his behalf or the limit on elective deferrals under the Internal Revenue Code.

Under the Restated Agreement, if Mr. Bowman terminates his employment for good reason (as defined in the agreement), or if the Company terminates his employment without cause (as defined in the agreement), Mr. Bowman will be entitled to the following:

•accrued compensation and benefits;

•an amount equal to two times his base salary at termination;

•a pro-rata portion of his annual incentive award opportunity based on actual performance;

•reimbursement for group health plan costs for up to 18 months following termination; and

•in the event Mr. Bowman terminates his employment for good reason, continued vesting of all outstanding equity awards in accordance with the terms of the plan pursuant to which they were issued.

If the Company terminates Mr. Bowman's employment due to disability, Mr. Bowman will be entitled to the following:

•accrued compensation and benefits;

•continued base salary for six months; and

•in the event his employment is terminated by reason of such disability, continued vesting of all outstanding equity awards in accordance with the terms of the plan pursuant to which they were issued as if the termination was an "involuntary termination."

103

Table of Contents

In the event of Mr. Bowman's death during the term of the Restated Agreement, the following will be due:

•accrued compensation and benefits;

•continued base salary for six months; and

•all outstanding equity awards will immediately vest, and will be exercisable for 90 days.

The Restated Agreement contains non-solicitation and confidentiality covenants, as well as certain other covenants, applicable for specified periods after the termination of employment. In addition, any payments and benefits under the Restated Agreement upon a termination are subject to Mr. Bowman signing a restrictive covenant agreement and release in our favor.

In the event any payments made to Mr. Bowman would be subject to the excise tax imposed on “parachute” payments by the Internal Revenue Code, the Company may reduce the payments to Mr. Bowman so that no portion of the payments would be subject to the excise tax, but only if such a reduction would result in Mr. Bowman receiving a greater amount after taxes.

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this Item will be included under the captions “Election of Directors — Nominee Information”, “Section 16(a) Beneficial Ownership Reporting Compliance”, "Executive Officers," “Corporate Governance—Standing Committees and Attendance at Board and Committee Meetings” and “Corporate Governance — Corporate Governance Guidelines, Committee Charters and Code of Business Conduct” of the Registrant’s Proxy Statement for the Annual Meeting of Shareholders to be held May 8, 2013, and is incorporated herein by reference.

The Registrant has adopted a Code of Business Conduct and Ethics for its CEO, CFO, principal accounting officer and all other officers, directors and employees of the Registrant. The Code of Business Conduct and Ethics, as well as the Registrant’s Corporate Governance Guidelines and Committee Charters, are available at www.crawfordandcompany.com. Any amendment or waiver of the Code of Business Conduct and Ethics will be posted on this website within four business days after the effectiveness thereof. The Code of Business Conduct and Ethics may also be obtained without charge by writing to Corporate Secretary, Legal Department, Crawford & Company, 1001 Summit Boulevard, N.E., Atlanta, Georgia 30319.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be included under the captions “Compensation Discussion and Analysis,” “Summary Compensation Table,” “Employment and Change in Control Arrangements,” “Corporate Governance—Director Compensation,” “Report of the Compensation Committee of the Board of Directors on Executive Compensation,” and "Compensation Committee Interlocks and Insider Participation" of the Registrant’s Proxy Statement for the Annual Meeting of Shareholders to be held May 8, 2013, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this Item will be included under the captions “Stock Ownership Information” and “Equity Compensation Plans” of the Registrant’s Proxy Statement for the Annual Meeting of Shareholders to be held May 8, 2013, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included under the caption “Information with Respect to Certain Business Relationships and Related Transactions” of the Registrant’s Proxy Statement for the Annual Meeting of Shareholders to be held May 8, 2013, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding principal accountant fees and services will be included under the caption “Ratification of Independent Auditor — Fees Paid to Ernst & Young LLP” of the Registrant’s Proxy Statement for the Annual Meeting of Shareholders to be held May 8, 2013, and is incorporated herein by reference.

105

Table of Contents

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

The financial statements listed below and the related report of Ernst & Young LLP are incorporated herein by reference and included in Item 8 of this Annual Report on Form 10-K:

- Consolidated Balance Sheets as of December 31, 2012 and 2011
- Consolidated Statements of Income for the Years Ended December 31, 2012, 2011, and 2010
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2012, 2011, and 2010
- Consolidated Statements of Shareholders' Investment for the Years Ended December 31, 2012, 2011, and 2010
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2011, and 2010
- Notes to Consolidated Financial Statements

2. Financial Statement Schedule

- Schedule II — Valuation and Qualifying Accounts — Information required by this schedule is included under the caption "Accounts Receivable and Allowance for Doubtful Accounts" in Note 1 and also in Note 7, "Income Taxes" to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, and is incorporated herein by reference.

Other schedules have been omitted because they are not applicable.

3. Exhibits filed with this report.

Exhibit No.	Document
3.1	Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 14, 2007).
3.2	Restated By-laws of the Registrant, as amended (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 22, 2008).
10.1*	Crawford & Company 1997 Key Employee Stock Option Plan, as amended (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005).
10.2*	Crawford & Company 1997 Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005).
10.3*	Crawford & Company 2007 Non-Employee Director Stock Option Plan (incorporated by reference to Appendix A of the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on May 3, 2007).
10.4*	Crawford & Company Non-Employee Director Stock Plan (incorporated by reference to Appendix C of the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on May 5, 2009).
10.5*	Crawford & Company Supplemental Executive Retirement Plan as Amended and Restated December 20, 2007, effective as of January 1, 2007 (incorporated by reference to Exhibit 10.4 to the

Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).

106

Table of Contents

Exhibit No.	Document
10.6*	Crawford & Company 1996 Employee Stock Purchase Plan, as amended, (incorporated by reference to Appendix A to the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on May 4, 2010).
10.7*	Crawford & Company Medical Reimbursement Plan, as amended and restated January 31, 1995 (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005).
10.8*	Crawford & Company Discretionary Allowance Plan, adopted January 31, 1995 (incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005).
10.9*	Crawford & Company Deferred Compensation Plan, as amended and restated as of January 1, 2003 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).
10.10*	Crawford & Company 1996 Incentive Compensation Plan, as amended and restated February 2, 1999 (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005).
10.11*	Crawford & Company Executive Stock Bonus Plan, as amended and restated March 1, 2008 (incorporated by reference to Appendix A of the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on May 5, 2009).
10.12*	Form of Restricted Share Unit Award under the Registrant's Executive Stock Bonus Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.13*	Form of Performance Share Unit Award under the Registrant's Executive Stock Bonus Plan (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.14*	Crawford & Company U.K. ShareSave Scheme, as amended (incorporated by reference to Appendix B of the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on May 4, 2010).
10.15*	Crawford & Company International Employee Stock Purchase Plan (incorporated by reference to Appendix B of the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on May 5, 2009).
10.16*	Crawford & Company 2007 Management Team Incentive Compensation Plan (incorporated by reference to Appendix B of the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on May 3, 2007).
10.17*	Crawford & Company Short-Term Incentive Plan adopted February 27, 2008 under the terms of the Registrant's 2007 Management Team Incentive Compensation Plan (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.18*	Change of Control and Severance Agreement between Kevin B. Frawley and the Registrant, dated February 23, 2005 (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 4, 2005).
10.19*	Terms of Employment Agreement between Allen W. Nelson and the Registrant, dated November 22, 2005 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 28, 2005).
10.20*	Employment Agreement by and between the Registrant and Jeffrey T. Bowman, dated August 7, 2009 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009).
10.21*	Terms of Employment Agreement between W. Bruce Swain, Jr. and the Registrant, dated August 1, 2012 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for

	the quarter ended June 30, 2012).
10.22*	Employment Agreement between David A. Isaac, The Garden City Group, Inc. and the Registrant, dated July 1, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 8, 2011).
10.23*	Terms of Employment Agreement between Phyllis R. Austin and the Registrant, effective as of April 11, 2006 (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).

Table of Contents

Exhibit No.	Document
10.24*	Terms of Employment Agreement between Robert J. Cormican and the Registrant, effective as of January 31, 2005 (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.25*	Terms of Employment Agreement between Brian J. Flynn and the Registrant, effective as of November 3, 2007 (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.26*	Terms of Employment Agreement between W. Forrest Bell and the Registrant, effective as of November 20, 2006 (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.27*	Terms of Employment Agreement between Michael Frank Reeves and Crawford-THG (UK) Limited, effective as of November 25, 1997 (incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.28*	Service Agreement between Ian Muress and Crawford & Company Adjusters (U.K.) Limited dated as of January 18, 2002 (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.29*	Variation to Service Agreement between Ian Muress and Crawford & Company Adjusters (U.K.) Limited dated as of December 1, 2006 (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.30*	Terms of Employment Agreement between Ian Muress and the Registrant dated as of April 12, 2006 (incorporated by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.31*	Performance Share Unit Award Agreement between Ian Muress and the Registrant dated as of March 24, 2006 (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.32	Amended and Restated Purchase and Sale Agreement, dated as of June 9, 2006 and effective as of June 12, 2006, between Registrant, Buckhead Trading & Investment Company, LLC, Richard Bowers & Co., Easlan Capital of Atlanta, Inc., and Calloway Title and Escrow, L.L.C. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 16, 2006).
10.33	Lease Agreement, effective as of July 1, 2006, between Registrant and Hewlett-Packard Company (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 1, 2006).
10.34	Credit Agreement, dated as of December 8, 2011, among Crawford & Company, Crawford & Company Risk Services Investments Limited, Crawford & Company (Canada) Inc. and Crawford & Company (Australia) Pty. Ltd., as borrowers, the lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Australian Security Trustee, and UK Security Trustee for the lenders, Bank of America, N.A., as Syndication Agent, RBS Citizens, N.A., as Documentation Agent, Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Lead Bookrunners (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 12, 2011).
10.35	Pledge and Security Agreement, dated as of December 8, 2011, by Crawford & Company and certain of Crawford & Company's subsidiaries in favor of Wells Fargo, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 12, 2011).

108

Table of Contents

Exhibit No.	Document
10.36	Guaranty Agreement, dated as of December 8, 2011, by Crawford & Company, certain of Crawford & Company's subsidiaries and Wells Fargo, as Administrative Agent (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8 K filed with the Securities and Exchange Commission on December 12, 2011).
10.37*	Director Compensation Summary Term Sheet (incorporated by reference to Exhibit 10.39 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008).
10.38	First Amendment to Credit Agreement, dated as of July 20, 2012, by and among Crawford & Company, Crawford & Company Risk Services Investments Limited, Crawford & Company (Canada) Inc., Crawford & Company (Australia) Pty. Ltd., the subsidiary guarantors party thereto, Wells Fargo Bank, National Association, as administrative agent and a lender, and the other signatories party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.39*	Terms of Employment Agreement between Emanuel V. Lauria, Jr. and the Registrant, dated June 1, 2012 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.40*	Terms of Employment Agreement between Vince E. Cole and the Registrant, dated June 4, 2012 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.41*	Terms of Employment Agreement between Danielle M. Lisenbey and the Registrant, dated March 26, 2012 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
10.42*	Terms of Restated Employment Agreement between Jeffrey T. Bowman and the Registrant, dated March 15, 2013.
21.1	Subsidiaries of Crawford & Company.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-19(a).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-19(a).
32.1	Certification of the Chief Executive Officer pursuant to Section 1350.
32.2	Certification of the Chief Financial Officer pursuant to Section 1350.
101	XBRL Documents.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRAWFORD & COMPANY

Date March 18, 2013

By /s/ Jeffrey T. Bowman

JEFFREY T. BOWMAN, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

	NAME AND TITLE
Date March 18, 2013	/s/ Jeffrey T. Bowman JEFFREY T. BOWMAN, President and Chief Executive Officer (Principal Executive Officer) and Director
Date March 18, 2013	/s/ W. Bruce Swain W. BRUCE SWAIN, Executive Vice President-Finance (Principal Financial Officer)
Date March 18, 2013	/s/ W. Forrest Bell W. FORREST BELL, Vice President and Controller (Principal Accounting Officer)
Date March 18, 2013	/s/ Harsha V. Agadi HARSHA V. AGADI, Director
Date March 18, 2013	/s/ P. George Benson P. GEORGE BENSON, Director
Date March 18, 2013	/s/ Jesse C. Crawford JESSE C. CRAWFORD, Director
Date March 18, 2013	/s/ James D. Edwards JAMES D. EDWARDS, Director
Date March 18, 2013	/s/ Russel L. Honoré RUSSEL L. HONORÉ, Director

Date	March 18, 2013	/s/ Joia M. Johnson
		JOIA M. JOHNSON, Director

110

Table of Contents

Date	March 18, 2013	/s/ Charles H. Ogburn
		CHARLES H. OGBURN, Director
Date	March 18, 2013	/s/ E. Jenner Wood, III
		E. JENNER WOOD, III , Director

111

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
10.42	Terms of Restated Employment Agreement between Jeffrey T. Bowman and the Registrant, dated March 15, 2013.
21.1	Subsidiaries of Crawford & Company.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-19(a).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-19(a).
32.1	Certification of the Chief Executive Officer pursuant to Section 1350.
32.2	Certification of the Chief Financial Officer pursuant to Section 1350.
101	XBRL Documents.

112