

Crawford & Company

Initiating Coverage With Outperform Rating

Marquee Claims Franchise. Crawford & Company is the world's largest independent provider of claims management solutions to insurance companies and self-insured entities. The company generates over \$1 billion in annual revenue, operating in more than 70 countries through four main segments: Americas, international operations, Broadspire, and legal settlement administration claims management (the Garden City Group).

Underutilized Franchise Could Lead to Materially Higher Core Earnings Power. We believe our current 2012 estimates are somewhat conservative; we are looking for a prolonged turnaround in the Broadspire business and need to better gauge the impact of the Gulf Coast Claims Fund (GCCF) project winding down on the legal settlement business before we can become more aggressive with our 2012 estimates. Core earnings power could be as much as \$1.00 to \$1.20 in 2012 and 2013 if claim trends improve, expense management is more proactive, and the company can strengthen its organic growth efforts.

Rebound in Claim Trends. Claim trends have the potential for a positive inflection after a number of years of depressed demand. The industry has been plagued by declining trends throughout most of this decade, as claim frequencies declined systematically, particularly in casualty lines. The cause of declining frequency is challenging to pinpoint. The main drivers typically cited are hard-market underwriting standards, a shift in court/legislative trends, demographic changes, and better insurance industry practices. We believe a number of these factors, such as underwriting standards and possibly court/legislative trends, could be shifting in Crawford's favor.

Valuation Attractive. The stock is trading at a forward P/E multiple of 10 times and an EV/EBITDA multiple of 6.6 times, both of which are well below their respective historical trading ranges. Multiple expansion is possible, based on the potential for improving claim trends and internal margin improvement, and we believe this stock has significant upside, particularly if the company can realize its full earnings potential.

Risks Include Significant Pension Liabilities, a Capital Structure Dominated by Long-Term Debt, and Dependence on Claim Trends. Crawford's business is inherently dependent on insurance claim trends, which can vary based on insurance fundamentals like pricing and frequency, and overall macroeconomic activity. Crawford also has a fair amount of balance sheet risk that hinders the company's flexibility in capital management and effective use of cash flow.

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Financial Services | Insurance Brokers

August 30, 2011
Basic Report (11-100)

Stock Rating: **Outperform**
Company Profile: **Core Growth**

Symbol: CRD-B (NYSE)
Price: \$6.90 (52-Wk.: \$2-\$8)
Market Value (mil.): \$371
Fiscal Year End: December
Long-Term EPS Growth Rate: 10%
Dividend/Yield: \$0.08/1.2%

Estimates	2010A	2011E	2012E
EPS	\$0.70	\$0.69	\$0.76
EBITDA/Share	\$1.86	\$1.93	\$1.95

Valuation			
FY P/E	9.9x	10.0x	9.1x
EV/EBITDA	6.9x	6.6x	6.5x

Trading Data		
Shares Outstanding (mil.)		53.8
Float (mil.)		36.1
Average Daily Volume (thous.)		97

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Crawford is the largest global insurance claims management administrator and operates in over 70 countries around the world, generating more than \$1 billion per year in revenue.

Please consult pages 25-26 of this report for all disclosures.

William Blair & Company, L.L.C. receives or seeks to receive compensation for investment banking services from companies covered in this research report. Investors should consider this report as a single factor in making an investment decision.

Introduction

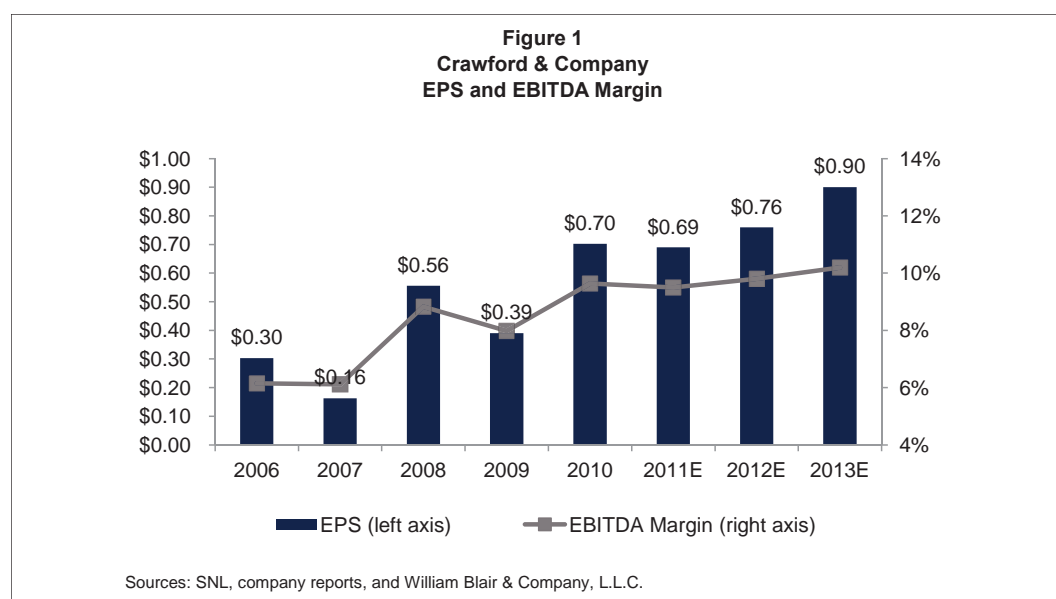
We are initiating coverage of Crawford & Company with an Outperform rating and a Core Growth company profile. Crawford & Company is the world's largest independent provider of claims management solutions to insurance companies and self-insured entities. The company operates in more than 70 countries through four operating segments: Americas, international operations, Broadspire, and legal settlement administration claims management. Based on the internal challenges and weaker claim trends, we believe the company is earning significantly less than its core earnings power. The key levers for the company to realize its full earnings potential are fixing the margins in the Broadspire business and maintaining strong growth in the legal settlement business. In addition, current valuation levels offer an opportune entry point into a stock that we believe could have significant upside over the next 12 to 18 months.

Investment Highlights

Great Franchise That Should Be Able to Right the Ship Under Current Management

Crawford is a leader in what has been a highly competitive, low-growth industry. The company has all the attributes that come with a strong market position (top industry customers, critical mass in processing-oriented business, and strong brand), but operating performance has been underwhelming over the course of the last several years. In essence, the franchise has been underutilized.

Jeffrey T. Bowman (who has 30 years of experience at Crawford) appears to be turning the company in the right direction. Mr. Bowman, who became chief executive officer in January 2008, previously revived the international division, currently the second-largest growth and profit-generating segment at Crawford. In a short period, Mr. Bowman reorganized the entire international business. Key areas of change included realigning management, altering the compensation structure, instituting a marketing/sales culture, and upgrading and integrating the core technology platforms. He has taken many of those same approaches to the overall corporation in his role as CEO, and the results have begun to show, but the rebound is still in the early stages. Despite a tough claims market, revenue grew organically from 2008 to 2010 and core earnings per share have grown substantially; however, margins remain low. The EBITDA margin was 10% in 2010, but we believe it is possible to reach 15% in the claims business, based on what we know about several competitors' operating results. We forecast the margin to be stable through 2012, but there is upside possible if organic growth accelerates, macro claims trends rebound, or pension/debt costs decline.



Core Earnings Power

With internal challenges and economic headwinds, the company is earning significantly less than its core earnings power, in our view. We are initiating coverage with somewhat conservative estimates for 2012, based on continued economic uncertainty and lack of evidence of margin expansion in key businesses. However, should these issues be resolved over the next 12 to 18 months, we believe Crawford's stock could experience significant appreciation, given its historically low valuation levels.

Table 1 displays the potential upside in 2012 for Crawford's EPS and stock price should bullish developments materialize. With somewhat small margin improvements and slightly more optimistic organic growth forecasts than our current estimates, Crawford's 2012 earnings potential could increase by nearly 40% to \$1.08 from the \$0.76 we currently forecast. Alternatively, should management struggle to get the company's costs under control, or should claims suffer from a weak catastrophe year and reduced economic activity, earnings could decline to \$0.45. We believe our current 2012 estimates are somewhat conservative, and results should fall somewhere between our current scenario and the bullish case; however, we would like to see a prolonged turnaround in the Broadspire business and need to better gauge the impact of the winding down of the Gulf Coast Claims Fund (GCCF) project on the legal settlement business before we can become more aggressive with our 2012 estimates.

Table 1
Crawford & Company
2012 Earnings Scenarios

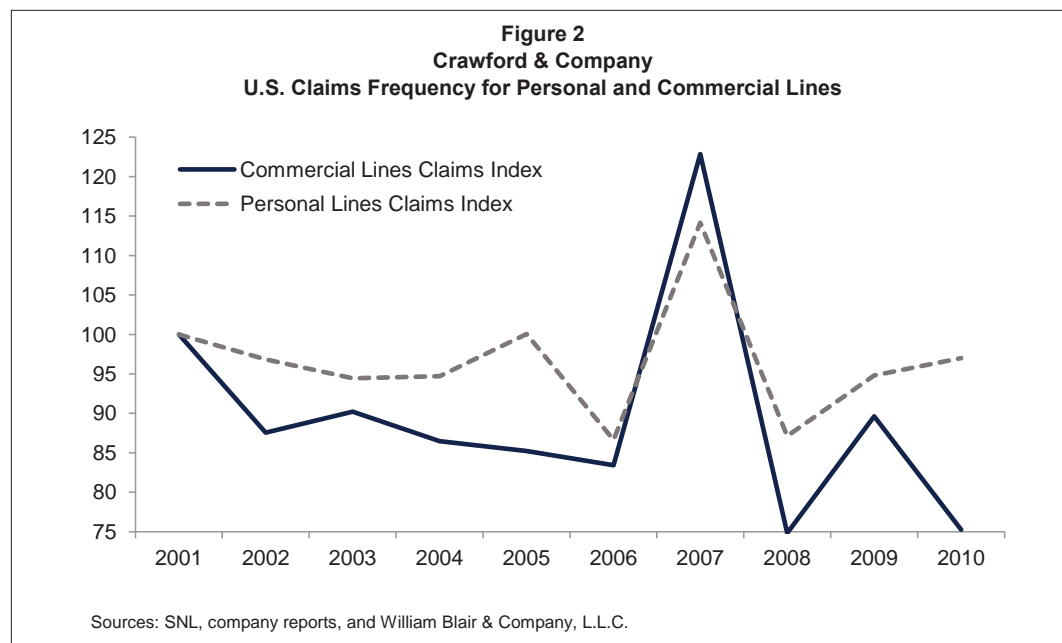
	Bear Case	Current 2012 Estimates	Bull Case
Revenue Growth			
Americas	0%	2%	5%
International	4%	7%	10%
Broadspire	-2%	2%	5%
Legal Settlement	-35%	-29%	-20%
Margins			
Americas	6%	7%	9%
International	8%	10%	11%
Broadspire	-3%	-1%	2%
Legal Settlement	19%	21%	23%
Overall EPS	\$0.45	\$0.76	\$1.08
Stock Price Given Current P/E Multiple	\$4.09	\$6.90	\$9.81
Stock Price With 10x P/E Multiple	\$4.50	\$7.60	\$10.80
Stock Price With 12x P/E Multiple	\$5.40	\$9.12	\$12.96

Sources: SNL, company reports, and William Blair & Company, L.L.C.

Rebound in Claim Trends

The industry has been plagued by declining claims' trends throughout most of the past decade, as claim frequencies declined systemically, particularly in casualty lines. Claim trends have the potential for a positive inflection after a number of years of depressed demand due to several factors highlighted below:

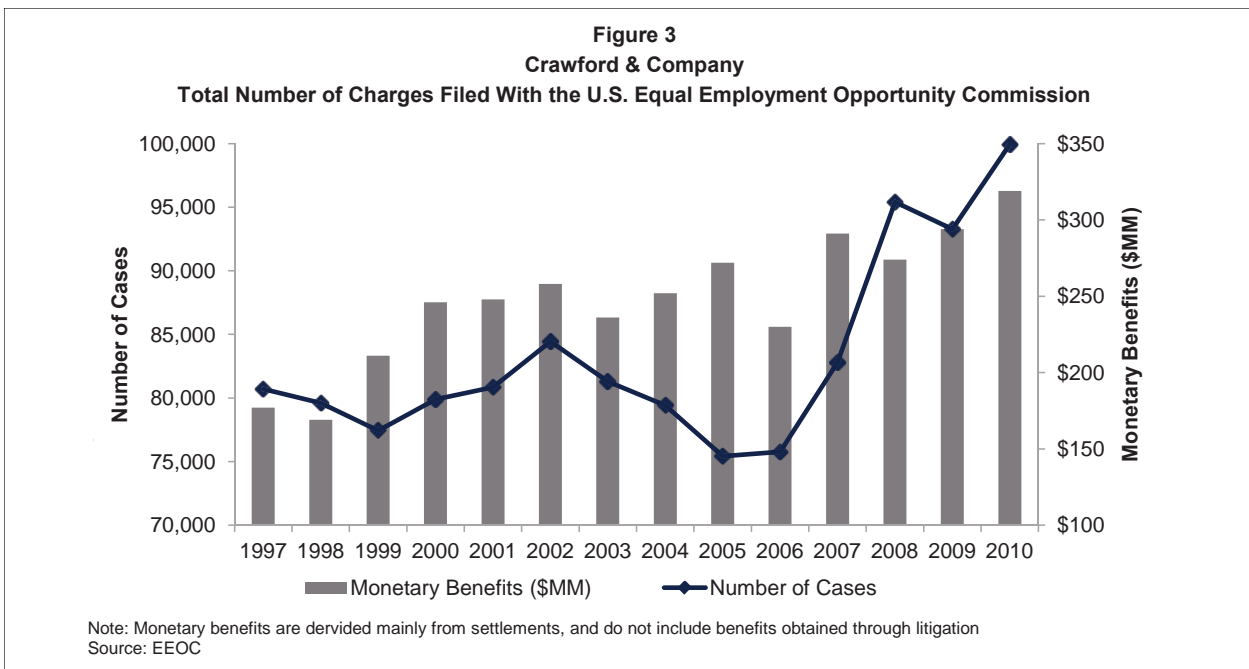
Claims frequency. The cause of declining frequency is challenging to pinpoint. The main drivers typically cited are hard-market underwriting standards, a shift in court/legislative trends, demographic changes, and better insurance industry practices. A number of these factors, including underwriting standards and court/legislative trends, could be shifting in Crawford's favor.



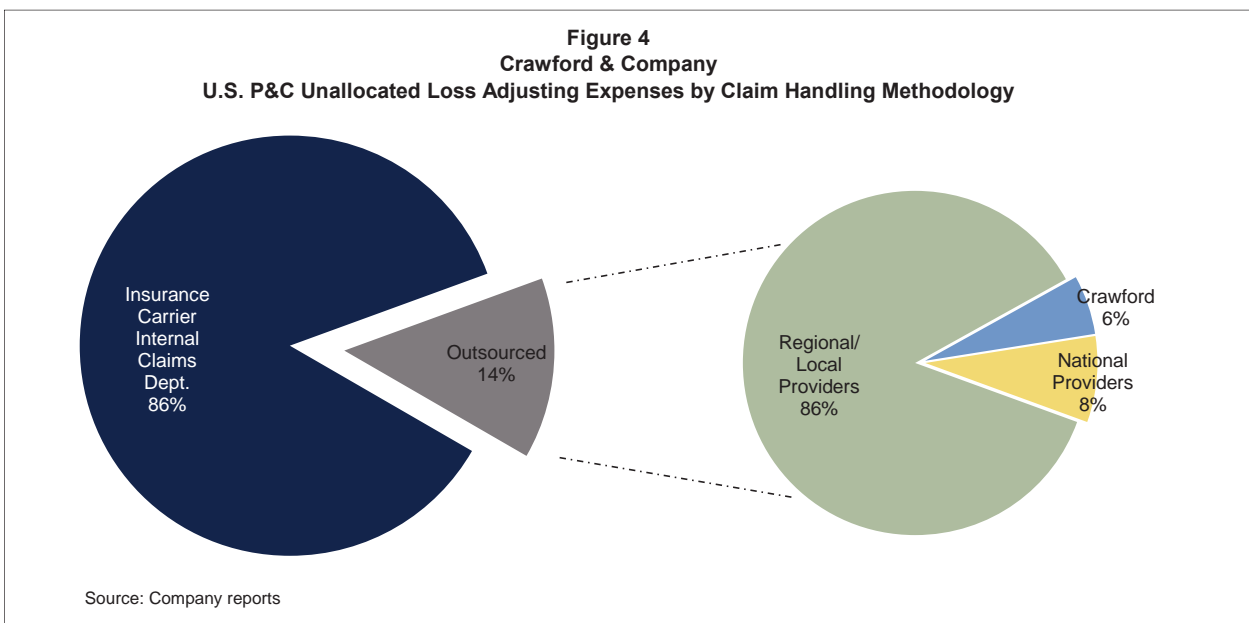
Frequency declines in a hard market as insured retentions rise and underwriting standards tighten. Frequency dropped significantly during the last hard market cycle from 2000 to 2004. However, as the market has transitioned to a soft pricing environment over the last several years, economic conditions have put additional downward pressure on frequency levels, and they have not yet rebounded.

In general, underwriting standards tend to deteriorate toward the middle to the end of a soft cycle, as carriers are desperate to hang on to market share. As we near the 8th year of the soft pricing cycle, more relaxed underwriting standards should help promote more frequent claims. As the market continues to soften, and if economic activity can continue to grow, frequency could begin to pick back up as well.

In the last decade, the combination of tort reform and more-conservative judiciary also resulted in claims slowing. However, the pendulum has begun to swing in the other direction. The shift toward a government dominated by the Democratic Party has historically resulted in higher levels of litigation (less tort reform and more liberal judges). This factor should also benefit the claims industry. As shown in figure 3, employment practices liability insurance is a good example of how a more Democratic government and legislation can begin to have an effect on the number of cases and claims.



Insource versus outsource. Insourcing claims became more common for insurers during the last hard market, as they were flush with cash, hired more employees, and had fewer overall claims to handle internally. Carriers handle roughly 86% of claims to better control loss costs, which constitute an average of 70% of premium dollars. However, as the industry is coming under pressure from lower investment income and rising loss costs, a reversal of the insourcing trend is possible. Outsourcing of claims (incrementally or on a more wholesale basis) enables lower headcount, potentially reduces near-term costs, and can turn fixed costs to variable. In addition, outsourcing would reduce the need to invest dollars in claims technology. While we do not anticipate that this would be a significant top-line boon to Crawford, it could create the incremental volume needed to make many of its businesses more profitable.

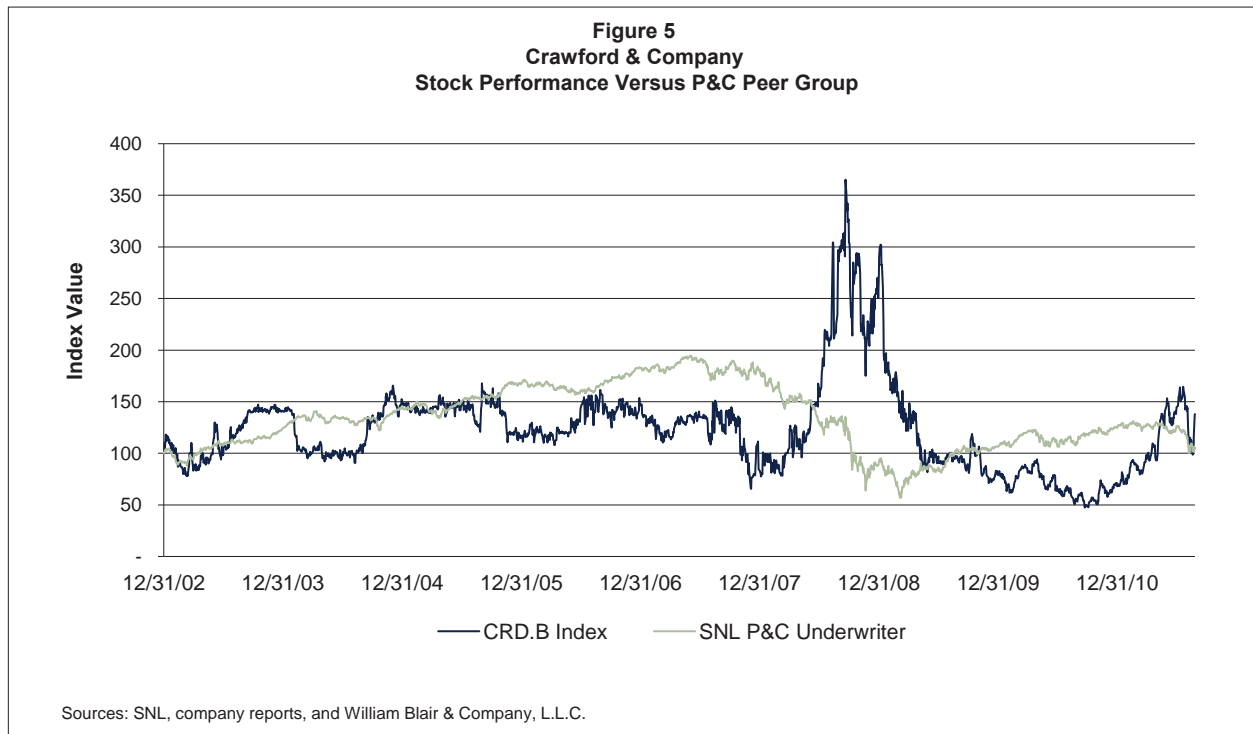


Recessionary impact. Claims have been falling in certain lines because of the tougher economic environment. In particular, workers' compensation claims declined from 2007 to 2010, but are beginning to stabilize somewhat. In addition, as the unemployment rate remains high and the economic recovery continues to sputter, other types of insurance—like personal and commercial auto, homeowners', and other commercial liability insurance—will continue to show flat to slightly deteriorating exposures, which directly affects claims activity. Fortunately, Crawford has some diversification through its international and legal settlement businesses, which should help mitigate the lackluster domestic marketplace. Overall, we would like to see some significant and sustainable economic improvements before we become more positive on the claims industry as a whole.

Bottom line. Macro claim trends should be neutral for much of the remainder of 2011, but could begin to turn up by the end of the year and into 2012, assuming that the global economy does not fall back into recession. This should be a significant positive for Crawford, as higher volumes should translate into higher margins.

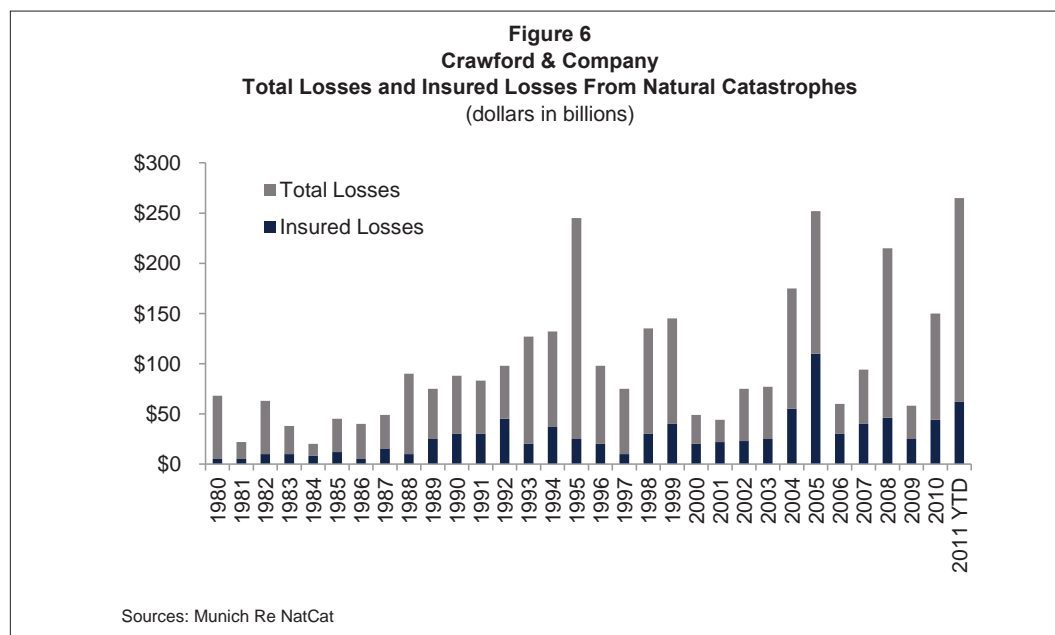
Favorable Catastrophe Play

Crawford is one of the few insurance-related stocks helped by catastrophe activity. The stock is up nearly 35% over the last week as news of Hurricane Irene has made the headlines. Its catastrophe team is one of the largest in the industry, is highly trained and experienced, and is enabled with technology that allows efficient processing and management information. We would not suggest buying the stock based solely on this, but it is an added plus. Investors tend to buy the stock going into or during the hurricane season, as it is one of the few hedges to insurers with catastrophe risk. Figure 5 illustrates the uncorrelated relationship between Crawford's stock performance and that of traditional P&C carriers.



Catastrophes account for 2% of claims, but margins on this business are higher than average. Claims obviously fluctuate; 2008 and 2009 were heavy catastrophe years, with 24,499 and 26,339 claims, respectively in this segment. A light catastrophe year, 2007, had about half the number of claims as heavy years, at 12,012 claims. This year has already been a big year for catastrophe losses, and results in the first and second quarters reflect a significant amount of catastrophe business in both the Americas and international segments. Our 2011 and 2012 estimates assume a moderate amount of catastrophe claims, which equates to

roughly \$0.05 per share. A big hurricane season or other global natural catastrophes could add an extra \$0.10 to \$0.20 to annual earnings. Many meteorologists believe we are in a period of elevated levels of extreme weather—not just hurricanes; there has been a marked increase in tornadoes, wildfires, and floods since the early 1990s. In addition, as insurers come under margin pressure, cutbacks in claim staff could make this unit even more valuable.

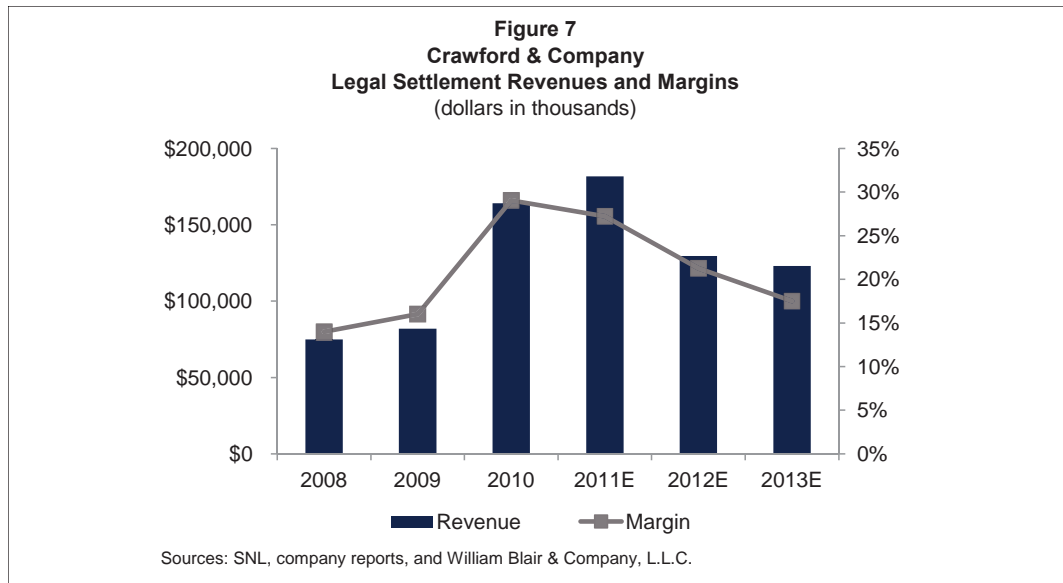


Key Factors to Watch

Legal Settlement Administration Should Drive Profitability for Several Years

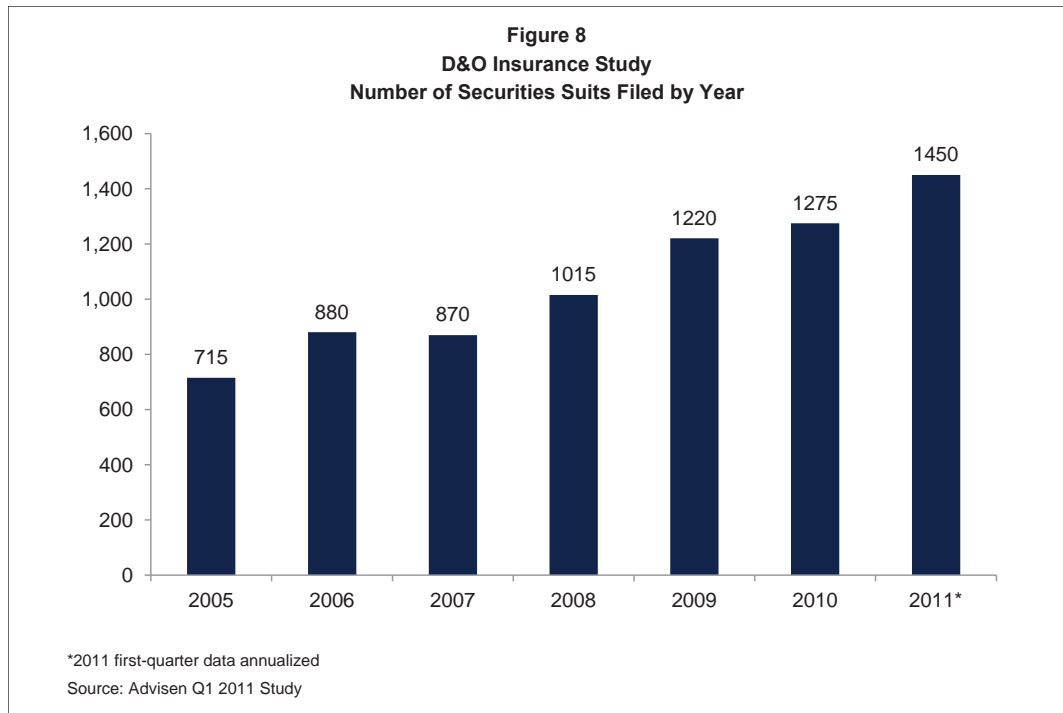
Crawford provides legal settlement administration services related to settlements of securities and product liability cases, bankruptcy noticing and distribution, and other legal settlements, by identifying and qualifying class members, determining and dispensing settlement payments, and administering the settlement funds. The legal settlement administration segment (Garden City) has been the profit engine for Crawford over the past several quarters, as it was awarded an enormous contract to deal with the claims of the BP oil spill in the Gulf of Mexico during the second quarter of 2010. Crawford is serving as the liaison between the GCCF and the claimants. For this project, the company is not actually adjusting claims, but rather dealing with the front-end call center, mailings, and other administrative tasks, as well as several back-office functions like payment processing and database work. While much of the front-end revenues appear to have been pushed through the income statement already, back-office revenue streams are expected to continue through 2013, according to management, albeit at moderately lower levels than those observed over the past few quarters. In addition to being a great revenue source, leading this project has boosted the image of Crawford industrywide as a company that can handle incredibly immense and complex claims cases, and should be a positive catalyst for the legal settlement business in the future.

Primarily due to the contributions of the GCCF project, the legal settlement segment revenue more than doubled in 2010, and operating earnings increased by three and a half times. A portion of the operating leverage can be attributed to the increase in revenue covering fixed overhead, but we suspect that pricing on the GCCF project is somewhat favorable, based on the dramatic increase in operating margin observed over the life of the project. As the project winds down and no longer makes up such a large part of the overall segment revenue, we expect margins to return to more normalized levels between 16% and 20% from the 30% observed in 2010.



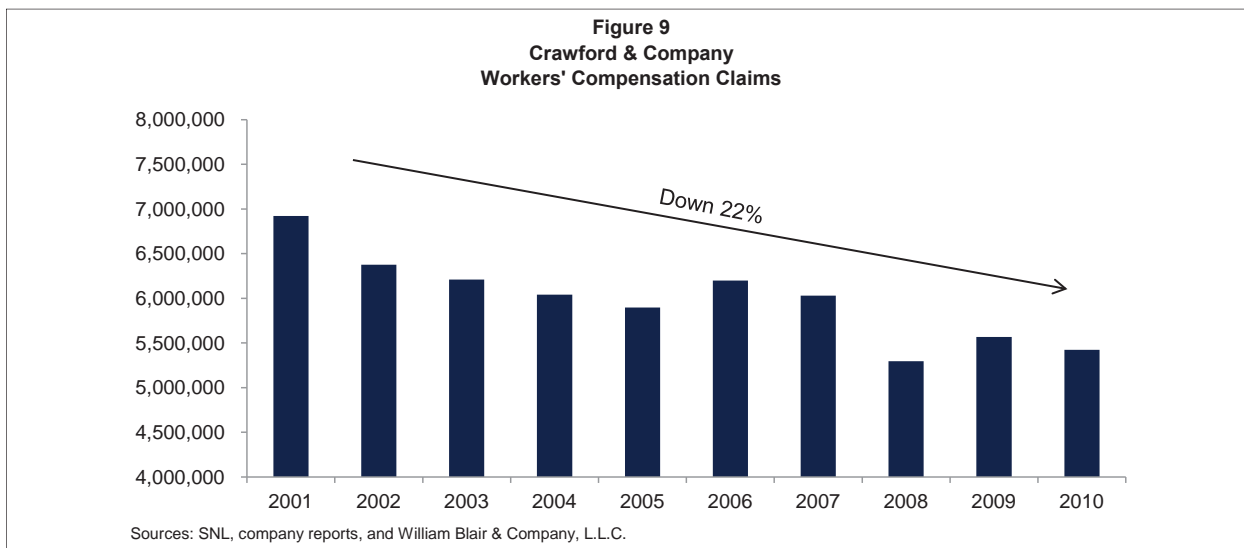
However, should the GCCF program continue longer than expected, or continue to generate a disproportionate amount of the segment’s overall revenue, our margin estimate could be somewhat conservative.

The remainder of the legal settlement segment, excluding GCCF, has had mixed results over the last few years. The bankruptcy business has been down slightly, while the mortgage foreclosures and securities class action businesses appear to be picking up. Securities class actions, as highlighted in our report on the D&O industry, appear to be on the upswing, particularly with the credit crisis and all of the recent volatility in the markets over the last few years. While the GCCF business may wind down, we are confident that this segment can continue to produce impressive results and benefit from the increased activity in the legal settlement marketplace. The legal settlement segment should continue to be the key profit lever for the firm, as it has by far the best margins companywide, and thus it will be a key swing factor for earnings growth over the next two years.

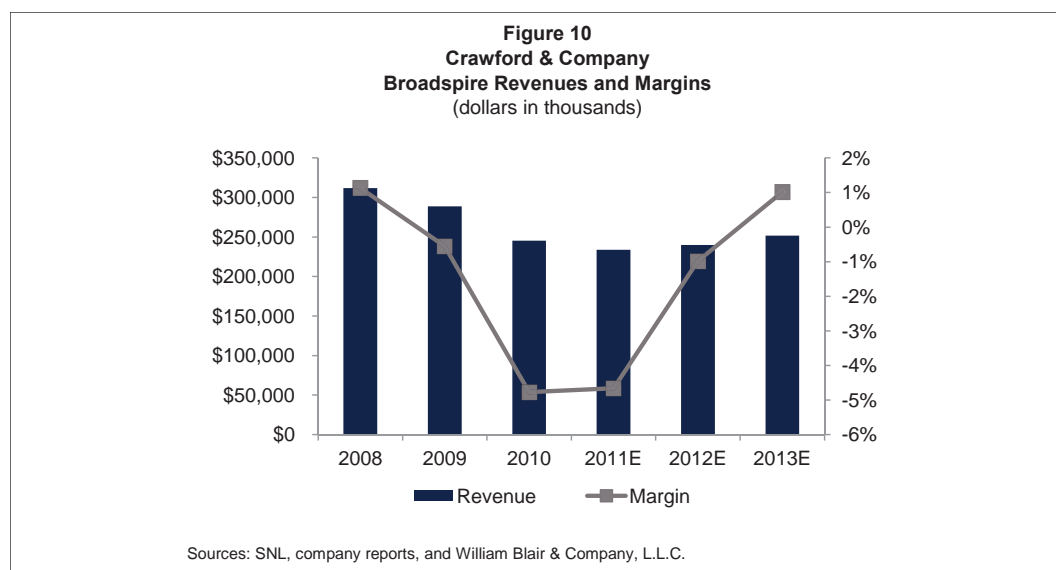


Broadspire Business Continues to Be a Drag, but Increased Claims Could Improve Outlook

The Broadspire segment is a third-party administrator to employers and insurance companies and offers a comprehensive integrated platform of workers' compensation, liability claims management, and medical management services. Crawford acquired the business in August 2006, but has not yet been able to turn around its performance. In part, the poor performance can be attributed to the significant decline in workers' compensation claims.



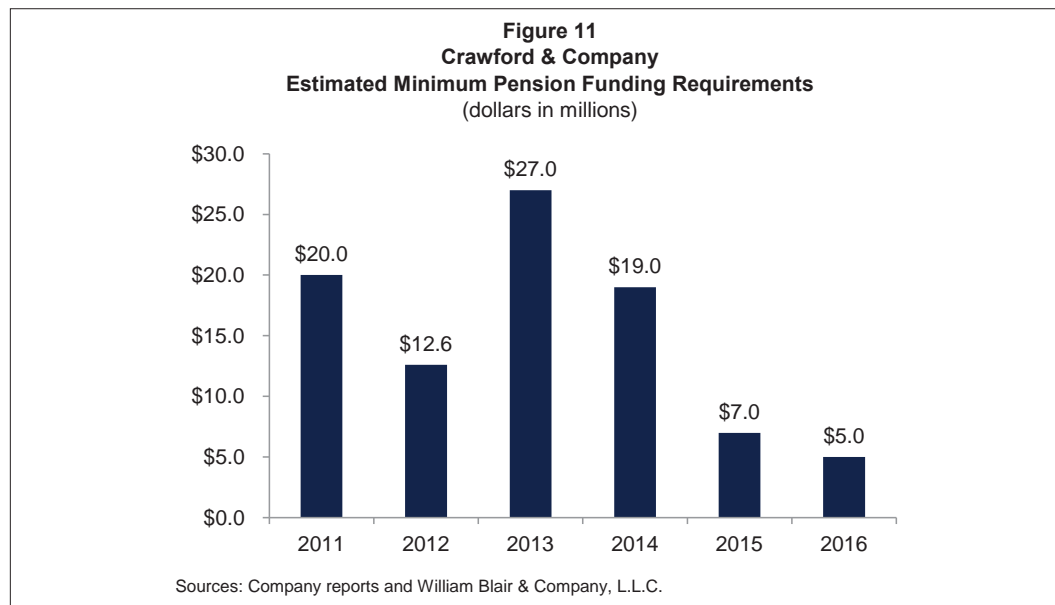
Declining claim counts have put significant pressure on margins in the segment, which have not been positive since 2008. Management believes that stabilizing revenues over the next several quarters would be enough to get the business to breakeven margins, which would be a huge win for the company versus the loss of \$12 million created by the unit in 2010. If and when revenue growth is to resume for the business unit, incremental margins could be as high as 30% to 35%, so the business could redeem itself in the long term. However, in the near term, it appears that strong revenue growth is a few years out, so the company is working on its cost base, particularly in better integrating its software and hardware systems. Crawford expects to realize roughly \$5 million to \$7 million of annual cost savings from launching the Risk-Tech platform within Broadspire, and additional savings down the road from the business process management system, designed as a workflow enabler. Management has made the turnaround of the Broadspire business its No. 1 priority, and plans to take more-aggressive actions around cost cutting and reorganization if it does not see an inflection within the next few quarters.



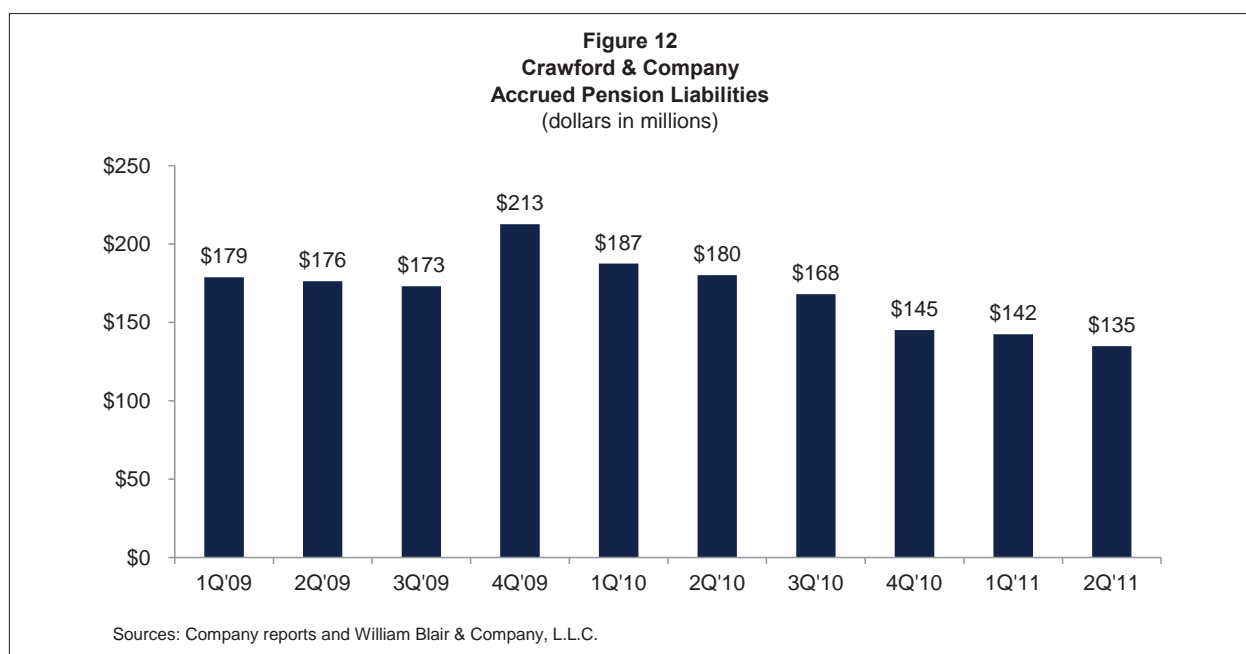
Major Risks

Pension Obligations Limit Productive Uses of Excess Cash

Pension funding will remain a drag on cash flow in the near term. The pension obligation transitioned from overfunded to underfunded in 2002, but the gap closed in 2007. The recent turmoil in financial markets has put the pension fund in a higher shortfall position than its peak in 2002. The company has scheduled cash payments of \$86 million to the pension through 2016.

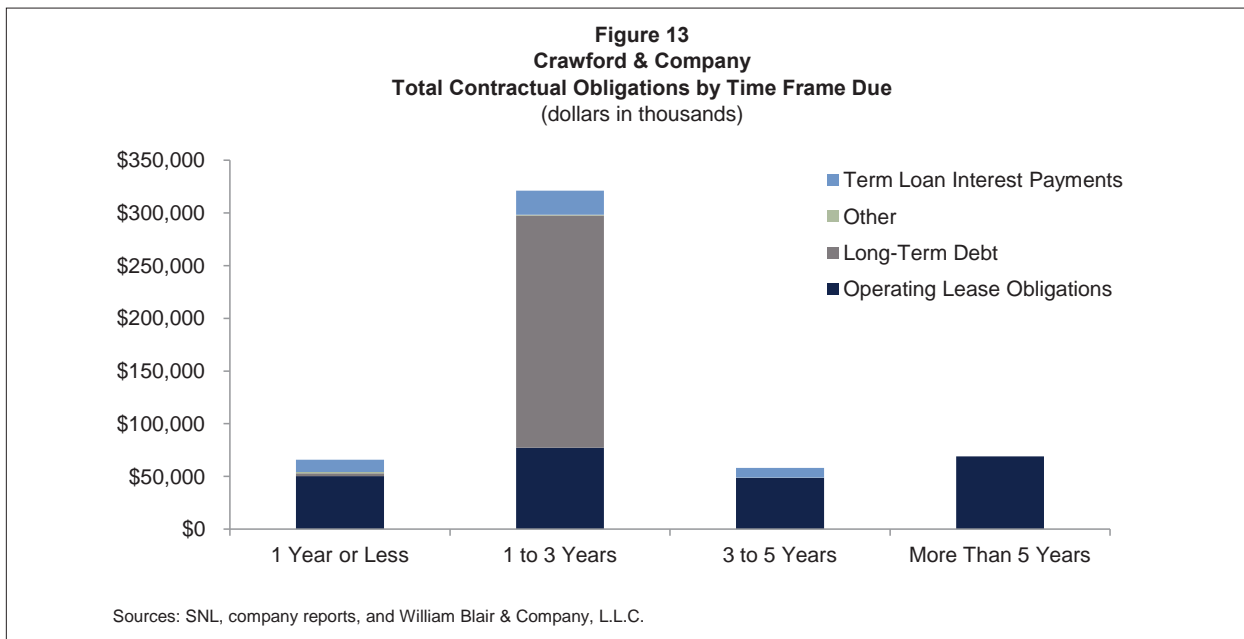


However, the company is actively working on reducing the liability associated with the plan. The company paid back more than \$60 million in cash to the pension plan in 2010, and made a \$20 million contribution in January 2011. These contributions were generated through taking on additional long-term debt. The overall pension liability could be affected by future market performance and regulatory/legislative actions to keep the nation's pension system solvent. Ultimately, the company has sufficient cash flow to fund its pension obligations, but this will likely restrict its investment options in the intermediate term.



Outstanding Debt and Debt Restrictions

The company has more than \$220 million in long-term debt due by 2013. The current debt-to-capital ratio is roughly 63%, which we believe is beyond a healthy level. Interest expense is roughly \$16.5 million per year, which translates to more than \$0.20 of earnings every year. This elevated level of debt is not only a risk to the company’s capital position, but also restricts certain company actions regarding its capital structure and reinvestment in the business. Management has made it clear that its intent is to lower its leverage profile to 1.5 to 2.0 times EBITDA over the next several quarters from highs of more than 3.5 times during 2006, but we will continue to monitor the debt situation as a key risk factor.



Financial Projections

	2008	2009	2010	2011E	2012E	2013E
Revenues (Excl. Reimbursements)	\$1,048,582	\$969,868	\$1,030,417	\$1,089,369	\$1,074,954	\$1,122,734
Cost of Services Provided	\$770,724	\$713,991	\$758,863	\$802,875	\$783,380	\$811,802
Selling, General, and Administrative	\$215,625	\$209,458	\$202,626	\$214,680	\$218,825	\$229,217
Operating Expenses (Excl. Reimbursements)	\$986,349	\$986,349	\$986,349	\$986,349	\$986,349	\$986,349
Operating EPS	\$0.56	\$0.39	\$0.70	\$0.69	\$0.76	\$0.90
Operating ROE	16.1%	34.2%	40.1%	26.1%	22.4%	20.9%
EBITDA Margin	8.8%	8.0%	9.6%	9.5%	9.8%	10.2%

Sources: Company reports and William Blair & Company, L.L.C.

Summary

We forecast earnings per share to decline from \$0.70 in 2010 to \$0.69 in 2011, and then rise to \$0.76 in 2012. Estimates are sensitive to operating margins within the individual business segments. We estimate EBITDA margins will remain relatively steady, between 9% and 10%. We expect top-line growth to be somewhat stagnant, as organic revenue growth in the Americas and internationally will be offset by declines in the legal settlement business, due to the winding down of the GCCF project.

Upside/Downside Potential

A turn in the economy would be the biggest source of upside to our estimates. We assume continued pressure on claim frequency, as there have been no convincing signs that the economy is on strong footing. A recovery in claims would help grow the top line, as well as improve margins in many of the businesses, as Crawford has some operating leverage built into its system. From a downside perspective, the biggest risks to earnings are a further weakening in the Broadspire segment, a significant worsening of the global economy, and a significant change to the pension liability or long-term debt structure.

Key Earnings Factors

Revenue growth. We expect organic revenue growth to increase by an average of 3% annually over the next three years. Overall industry claims activity, which has been on a downswing recently, could affect our forecast, along with Crawford's ability to take share within the claims industry. Growth should be driven by strong performance in the international segment, offset by continued weakness in Broadspire and the declining revenue contributions from the GCCF project as it winds down over the next couple of years.

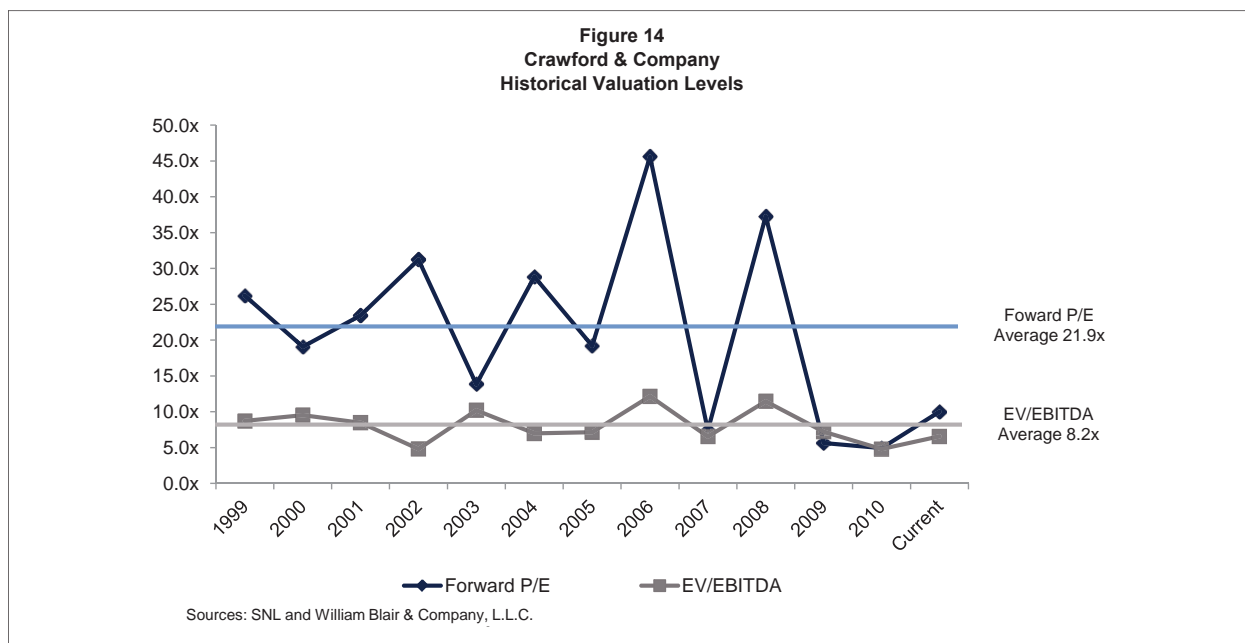
Expenses. Our forecast assumes that expense growth will rise in line with revenue growth for the most part, as margin expansion in the Americas and international segments will be offset by declining profitability in the legal settlement segment. Additional cost savings should materialize from the systems integration work, but we believe additional expenditures might be required in the near term to realize additional longer-term cost savings.

Balance Sheet

The debt level should begin to decline over the next several years. Our forecast has debt declining from \$216 million in 2011 to \$205 million in 2013, but this could be conservative. The company may be more aggressive paying down debt as the pension obligation declines.

Valuation

We value CRD-B shares based on historical valuation parameters and growth potential. The stock historically has traded in a P/E multiple range of 15 to 25 times, although it has spiked to more than 30 times in heavy catastrophe periods. The historical enterprise-value-to-EBITDA multiple range has been 5 to 10 times. With a forward P/E multiple of 10 times and an enterprise-value-to-EBITDA multiple of 6.6 times, the stock is trading at the lower end of the historical ranges and seems relatively inexpensive, especially if our bullish earnings scenario materializes.



Peer comparisons are challenging, as there are no true public competitors. On a wider scope, Crawford is a business processing company. The only public claims peer is CorVel Corporation, although the two companies' business models are very different. The peer group is trading at an average P/E multiple of 17 times and an enterprise-value-to-EBITDA multiple of 9.5 times. Given the varied nature of the peer group, it is tough to compare, but Crawford's growth estimates are far lower than many of the other companies, and its margins tend to be much lower as well.

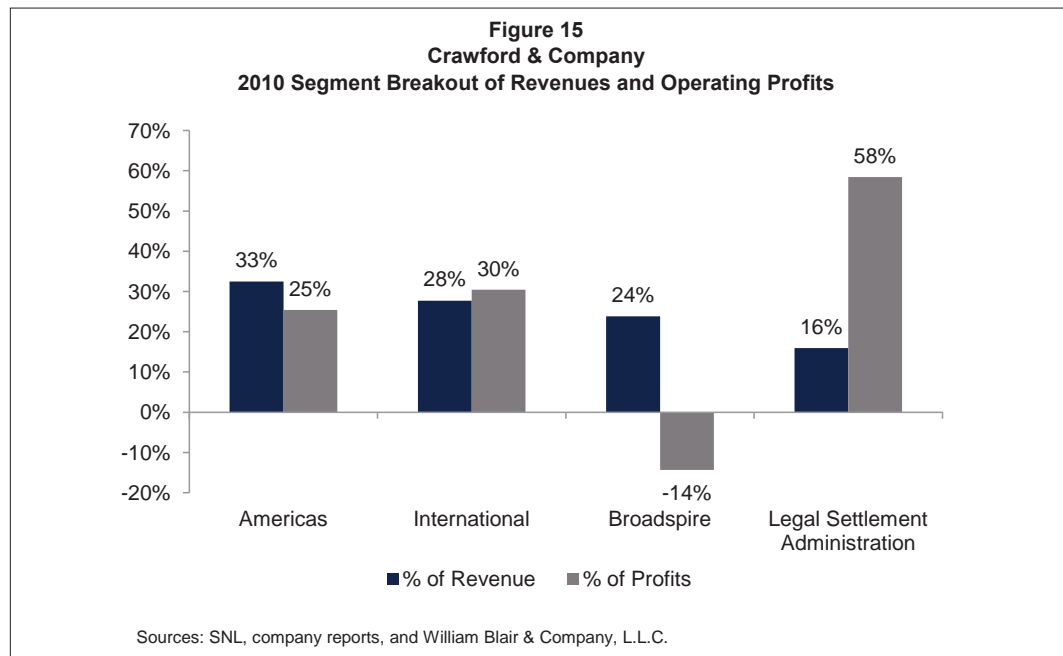
Table 3
Crawford & Company
Peer Valuation Comparison

Company	Ticker	Current Price	YTD Performance	2011 P/E	2012 P/E	2010-2012 Avg EPS Growth	2010 EBITDA Margin	EV/EBITDA	Market Cap (millions)
A.J. Gallagher	AJG	\$27.74	-8.3%	20.9x	16.5x	23.5%	17.3%	8.8x	3,111
CorVel Corp	CRVL	\$42.62	18.1%	18.1x	13.0x	38.6%	13.0%	11.5x	494
Healthways	HWAY	\$12.00	18.2%	12.6x	10.3x	5.0%	21.3%	4.8x	406
Solera Holdings	SLH	\$56.56	-6.5%	23.3x	20.0x	32.9%	41.5%	16.0x	3,996
Crawford & Company	CRD-B	\$6.90	1.4%	10.0x	9.1x	8.6%	9.6%	6.6x	369
Group Average			4.6%	17.0x	13.8x	21.7%	20.5%	9.5x	1,675

Note: For companies not under coverage, we are using consensus estimates from Thomson
Sources: SNL, Thomson, company reports, and William Blair & Company, L.L.C.

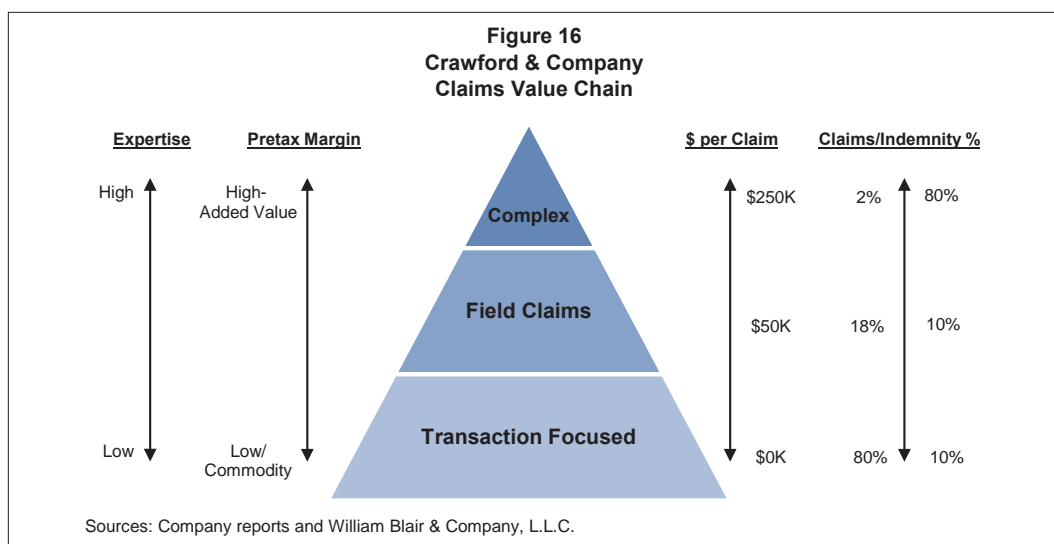
Corporate Profile

Crawford & Company is the world's largest independent provider of claims management solutions to insurance companies and self-insured entities. The company operates through four operating segments in more than 70 countries. During the first quarter of 2011, the company reorganized its operating segments by combining Latin America and Canada operations with the U.S. P&C business. The revised four operating segments include the Americas, international operations, Broadspire, and legal settlement administration claims management. These segments provide clients with claims management; integrated claims and medical management for workers' compensation; legal settlement administration, including class action; warranty inspection; and risk management information services.



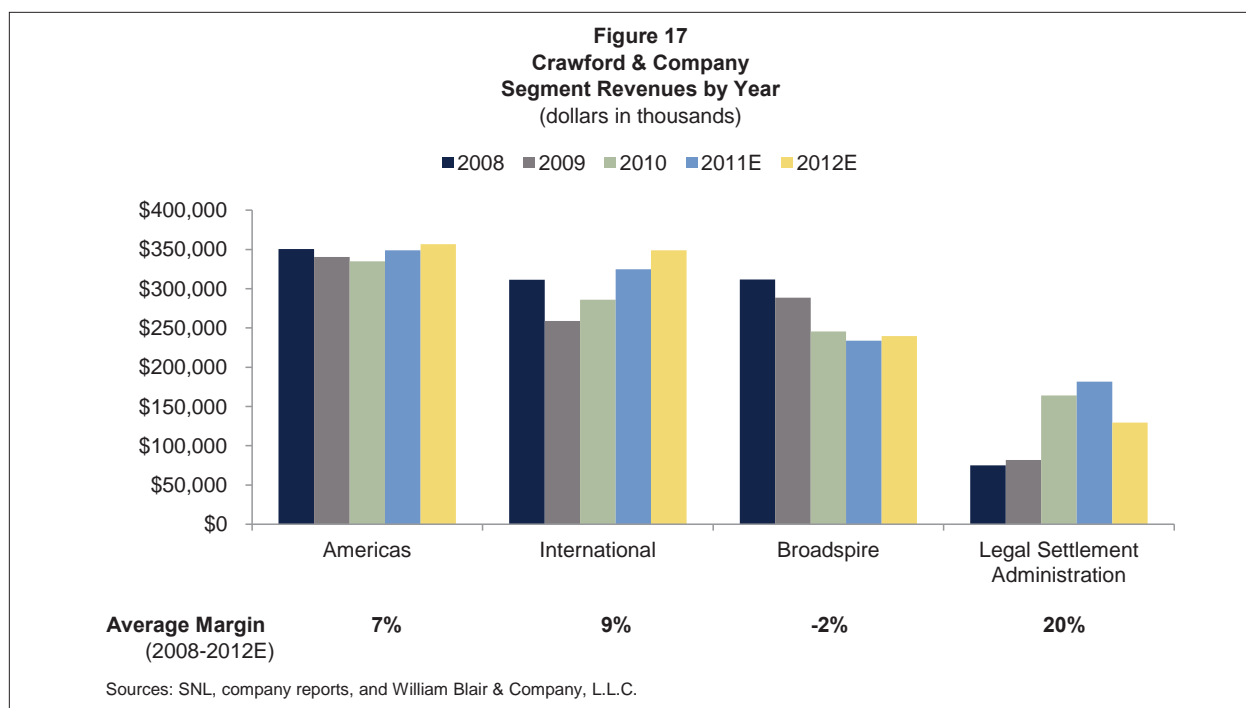
The Americas and international segments drive more than 60% of the revenue, but during the last several quarters, legal settlement has driven more than half of the company's profitability, given that its profit margins are more than double those of the other operating segments.

With its four operating divisions, Crawford has the ability to handle the full spectrum of claims. Figure 16 shows how the market is segmented. While the majority of claims (80%) fall into the simpler, routine class, 80% of indemnity cost/expense actually comes from the most-complex claims. Crawford considers itself to be the world leader in dealing with these more-complex claims, which offer the highest margin, as it completes more than 1,000 of these cases each year—continuing to build its reputation and establish its industry leadership in this classification of business.



The company is able to efficiently expedite the routine claims through its technologically advanced platform, allowing both the insurance carrier and management the ability to immediately access the most up-to-date information on the claim's progress. Crawford also has the right mix of highly qualified people to complete the work on each of the three categories of claims, a balance that is crucial to align costs with a quality output. While Crawford has the ability to handle the full spectrum of claims, the more-complex cases offer the highest margin and require the most significant expertise. On the other hand, the more-routine (transaction focused) cases occur with a higher frequency, albeit lower margin.

As we look ahead, it is clear that legal settlement will play an increasingly important role for top- and bottom-line growth for Crawford because of its emphasis on the more-complex claim types detailed above. As shown in figure 17, on the following page, legal settlement revenues have increased substantially from 2008 to 2010, and while some may fall off over the next couple years, levels should remain above those observed previously. Broadspire, on the other hand, has been losing a lot of business over the last several years, and we forecast that it will continue to stagnate near levels observed in 2010. We expect both the Americas and international segments to continue exhibiting moderate organic growth rates over the next few years. From a profitability standpoint, the shift in revenues from Broadspire to legal settlements should improve profitability somewhat, but legal settlement still remains a small piece of Crawford's total revenue.



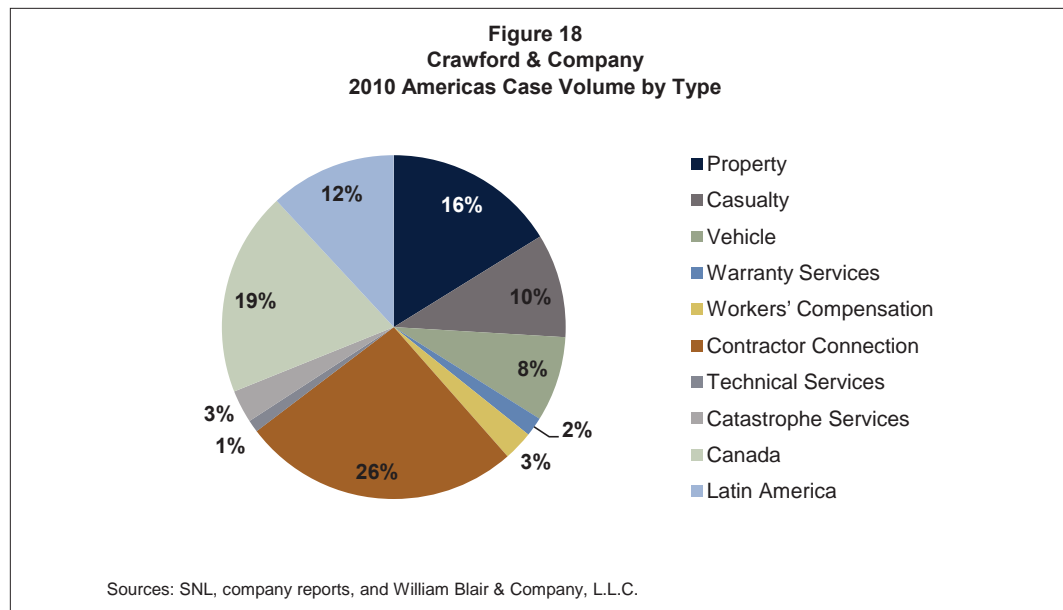
Business Mix

Americas

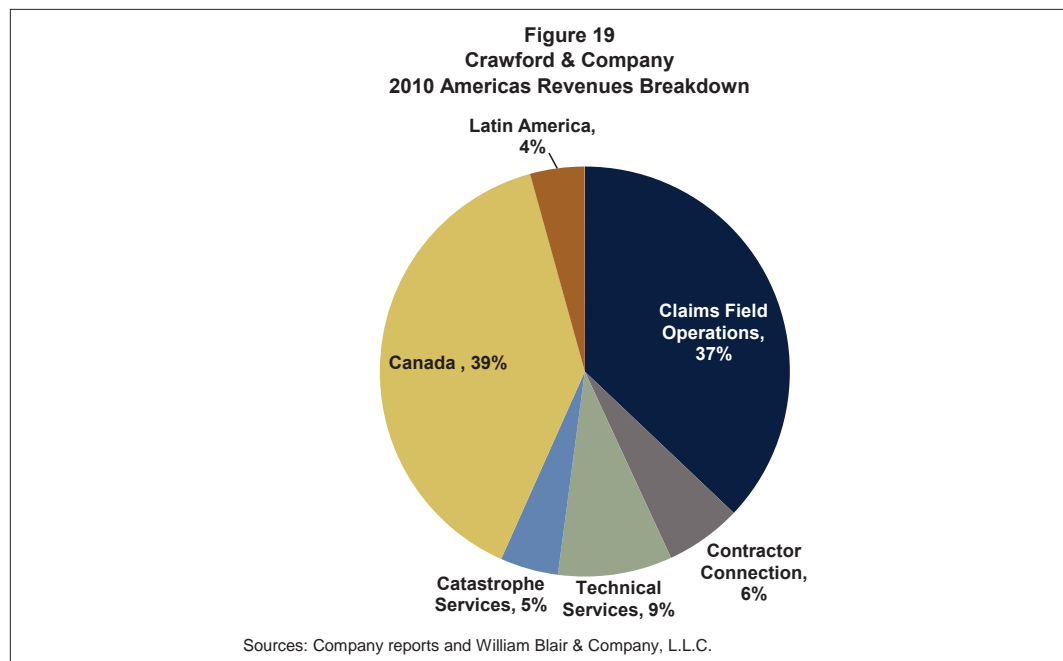
Crawford provides claims management services primarily to insurance companies who customarily manage their own claims administration function, but often rely on third-party service providers for other services. These services include the field investigation and evaluation of property-and-casualty (P&C) insurance claims. The company subdivides this segment between P&C claims and management services. The segment now also includes operations in Canada and Latin America.

The property claims management service subsegment covers all types of losses, and upon assignment, a team of claims professionals, consultants, and project management specialists evaluate, settle (if appropriate), and prevent further loss. Crawford has an extensive network of property and general adjusters to service assignments efficiently through services that include appraisal-plus and full adjustment. Appraisal-plus helps clients streamline the handling of small, routine losses and includes an agreed appraisal, coverage application, verification of insured values, salvage and subrogation, and recommended adjustment in a final report. Full adjustment services include a narrative report, statement of loss, proof of loss, and disposition of claim as needed.

Casualty claims management services has the goal of resolving claims quickly, regardless of the adjusting services required, and offers services that include task assignment to investigation and claims resolution. Services within this segment include claims alert, continuous adjudication of any claim, prompt investigation, expert testimony, medical and vocational consulting for litigation support, provider bill auditing, subrogation and recovery services, and vehicle and transportation services.



The company also offers property damage repair services at agreed-upon rates through a network of independent contractors. This unit is referred to as Crawford Contractor Connection and offers clients a solution for quickly and efficiently repairing residential and light commercial property losses. Another service offering in the P&C segment (formerly part of legal settlement administration) is the strategic warranty services division, which provides services to manufacturers seeking to outsource their warranty administration and inspection work. Inspections include a determination of the extent and compensability of damage incurred primarily related to product liability class action settlements.

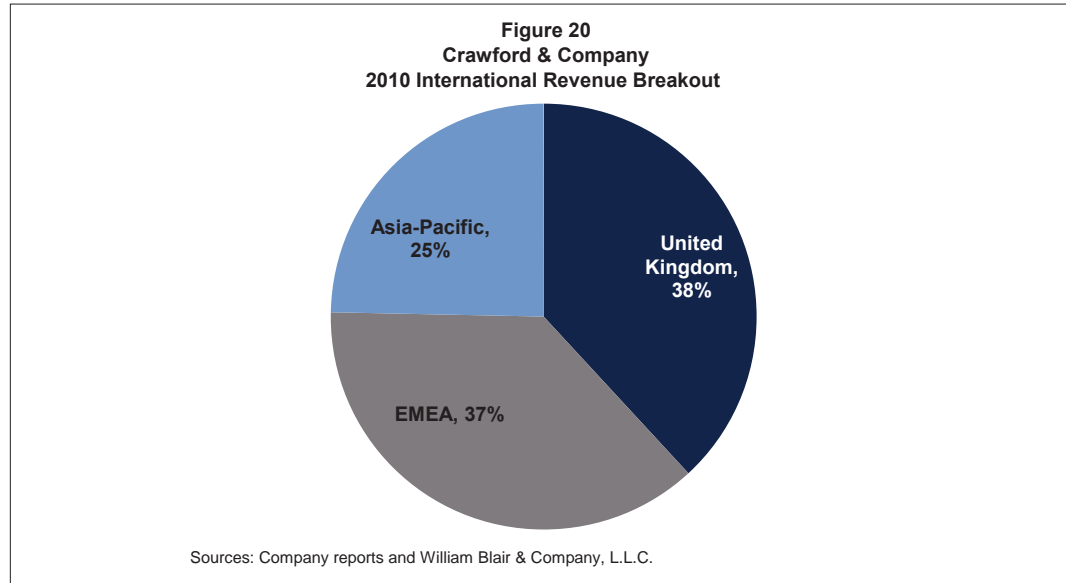


The Americas segment's growth rate is largely dependent on growth of the overall outsourced market. Only 14% of the overall market is outsourcing claims handling, and Crawford has a 6% market share of this segment (see figure 4, on page 5). The majority of Crawford's existing customers (roughly 80%) are smaller accounts that generate revenue of less than \$25,000 per year. This segment of the market is more likely to outsource its claims to capture expense savings, based on its smaller size and higher sensitivity to expense ratio. The

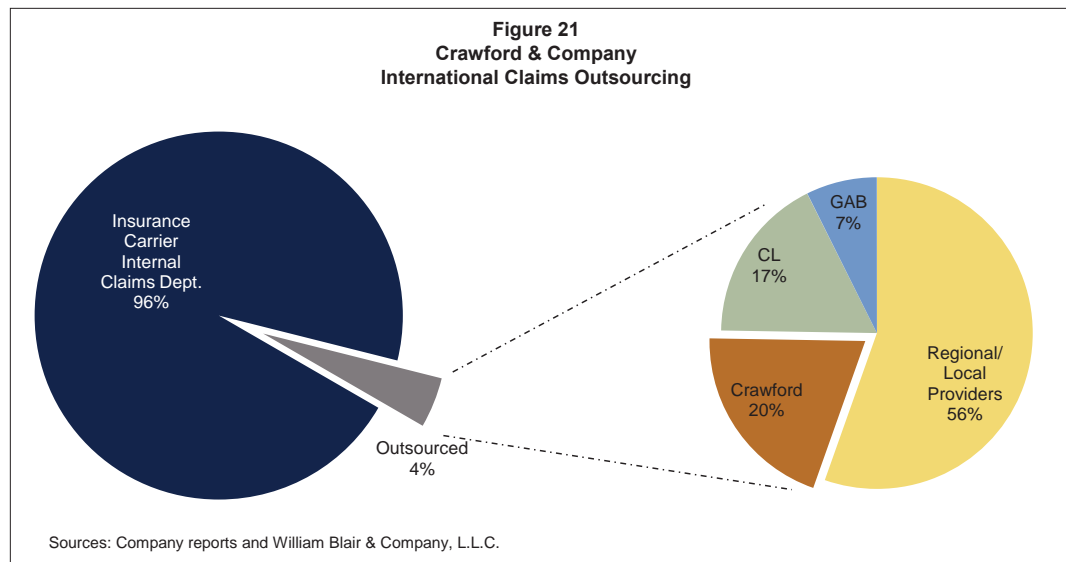
selling point for the company will be to convince existing primary carriers to outsource their claims based on the convenience, cost savings, and outcomes that Crawford provides. Based on its strong position and high-quality service, the company should be able to take market share in the fragmented outsourcing market, as insurance companies look for ways to better manage supply claims.

International Operations

The international segment of the business performs substantially the same work as in the U.S. P&C segment, except the claims occur outside the United States. The major risk categories and primary related services offered by the segment are P&C, power and energy, environment pollution, construction, catastrophe, class action services, marine, specie and fine art, financial, political, livestock, and reinsurance.

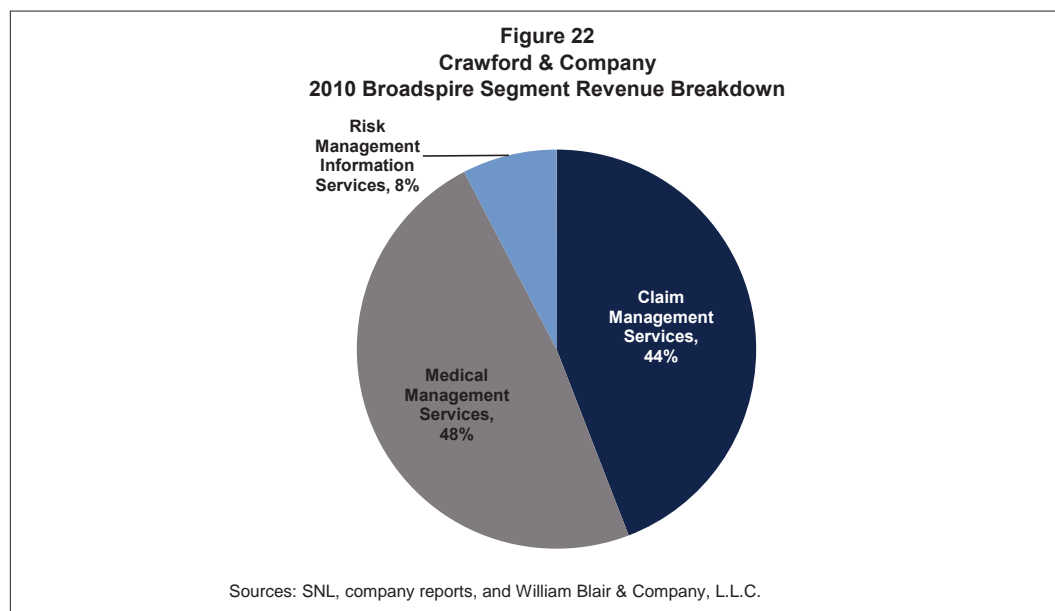


The international segment will benefit to a greater degree from an increased trend in outsourcing, as only 4% of the market outsources claims. Assuming that Crawford is able to maintain its 20% market share of the outsourced market, each 1% increase in the international outsourced market will lead to a 2% increase in international segment revenues. As stated previously, this indicates that strong sales growth will come from convincing the market to outsource claims, rather than taking market share from customers who already outsource their claims.



Broadspire

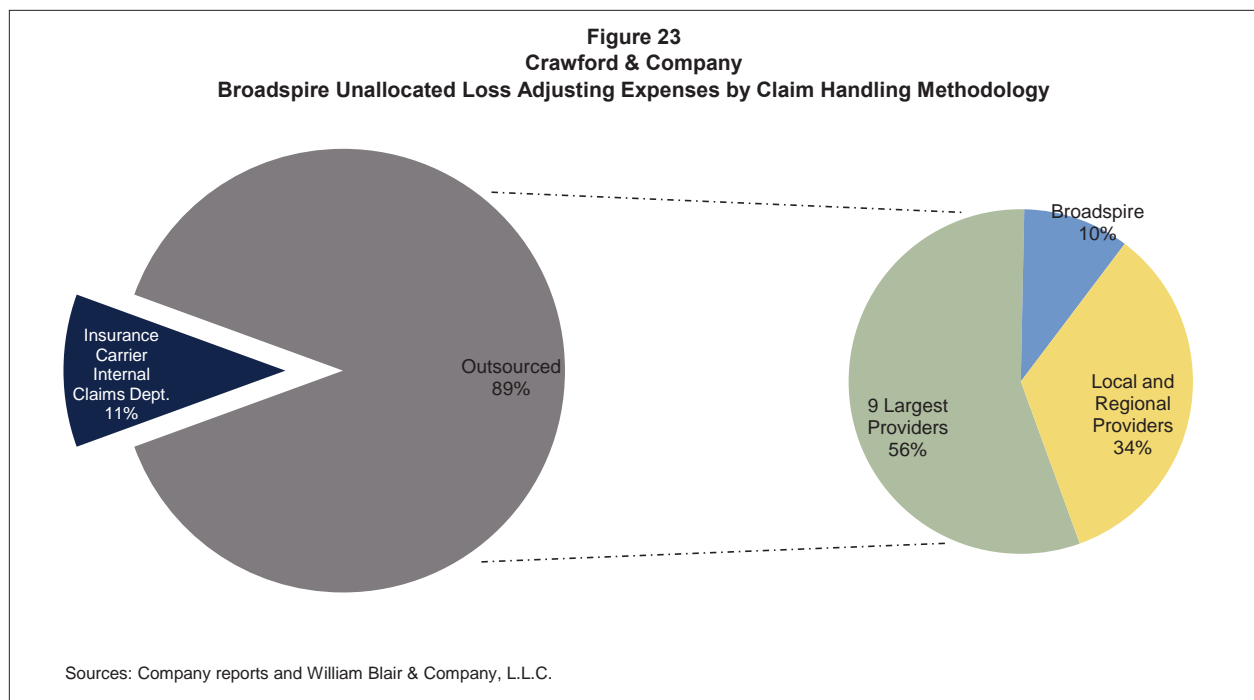
The Broadspire segment is a third-party administrator to employers and insurance companies and offers a comprehensive integrated platform of workers' compensation and liability claims management and medical management services. The segment serves self-insured or commercially insured markets by providing a complete range of services, including alternative loss funding methods, field investigation and claims evaluation, initial loss reporting services for client claims, and loss mitigation services. Loss mitigation services include medical bill review, medical case management and vocational rehabilitation, administration of trust funds established to pay claims, and risk management information services. Broadspire's revenues are reported through three main subsegments: claims management services, medical management services, and risk management information services. Broadspire is unique in that all services are offered in-house through an integrated service delivery platform, as opposed to competitors who outsource a portion of services.



The claims management subsegment aims to shorten claim duration and reduce overall claim costs while providing the services necessary to covered employees to ensure a prompt return to work. Claims management includes the coordination of national account claim handling activities, fair and prompt service, preparation of detailed plans to control the disposition of claims, maximization of claim recoveries, client consultation, and medical cost containment.

Medical and field case management proactively manages medical treatment and aims to help employees recover as quickly as possible in the most cost-effective method. Services include field nurses, access to the most up-to-date treatment and rehabilitative techniques, proactive management focused on results, system integration with claims adjusters, on-site physician advisors and online medical resources, flexible program offerings, and AAHCC/URAC accreditation.

The Broadspire market segment differs from both the U.S. and international P&C markets in that the majority of claims (89%) are outsourced. The difference in market dynamic is the nature of its clients, as they tend to be smaller with a greater need for an outsourced department. The potential for growth in this segment is much smaller than in the P&C markets, as growth will need to come from taking market share from competitors through price, service, or terms that would likely affect margins.



Legal Settlement Administration

Crawford provides legal settlement administration services related to settlements of securities and product liability cases, bankruptcy noticing and distribution, and other legal settlements, by identifying and qualifying class members, determining and dispensing settlement payments, and administering the settlement funds. These services are performed by The Garden City Group, a subsidiary of Crawford, which offers litigation support, flexible technologies and analytical tools, customized plans, expert assessment on administration options, strategic guidance, and global resources.

Management/Ownership

Jeffrey T. Bowman, President and Chief Executive Officer

Mr. Bowman became president and CEO in 2008, after successful stints as president of the Crawford International segment and COO for Global Property and Casualty Services between 2001 and 2008. Mr. Bowman has been in the insurance industry for more than 30 years, spending the last 20 working in various capacities throughout Crawford.

W. Bruce Swain, Jr., Executive Vice President and Chief Financial Officer

Mr. Swain was promoted to CFO and executive vice president in 2006, after holding several management positions within the finance division. He began his career with Crawford in 1993, before being named controller in 2000. Mr. Swain is a CPA and holds a bachelor's and master's degree in accountancy from the University of Mississippi.

Allen W. Nelson, Executive Vice President, Chief Administrative Officer, General Counsel, and Corporate Secretary

Mr. Nelson joined the firm in 2005 as general counsel and chief administrative officer, after previously having served as the chief compliance officer at BellSouth Corporation. Prior to BellSouth, he practiced law at the Atlanta-based firms of Hawkins & Parnell and Troutman, Sanders, Lockerman & Ashmore.

Mr. Nelson earned his juris doctorate from the Duke University School of Law, where he was recognized as a J.R. Parkinson Memorial Scholar. He also received a B.A. with honors from Duke's Trinity College of Arts and Sciences.

Kevin B. Frawley, Chief Executive Officer—Property & Casualty, Americas

Prior to becoming CEO of the P&C business, Mr. Frawley was executive vice president of global business development. Prior to joining Crawford, he spent several years as chief compliance officer and chief administrative officer at Prudential Financial, and also spent 15 years in the public sector as a prosecutor and official for former New York Mayor Edward Koch's administration.

Mr. Frawley earned a bachelor's degree from the College of the Holy Cross in Worcester, Massachusetts, and a juris doctorate from Fordham University School of Law in New York City.

Ian V. Muress, Chief Executive Officer—EMEA and Asia-Pacific

Mr. Muress serves as CEO for all regions outside the Americas, including the U.K., EMEA, and Asia-Pacific regions, and has functioned in this capacity since 2008. Before taking his current role, he had served as the CEO of the U.K and Ireland since 2002, and of all the U.K. and EMEA regions since 2006. Mr. Muress has been in the claims business for 33 years.

Ken Martino, Chief Executive Officer—Broadspire

Mr. Martino joined Broadspire in 2007 as president and later became CEO in 2008. His 30-year career in the insurance industry has spanned several managerial roles at various third-party administrators and P&C companies, including Specialty Risk Services, The Travelers Group, and Towers Perrin.

Mr. Martino has a bachelor's degree in finance and master's degree in business administration from the University of Connecticut, and also earned the Chartered Property Casualty Underwriter designation.

David A. Isaac, Chief Executive Officer—The Garden City Group, Inc. (Legal Settlement Administrative Segment)

Mr. Isaac has been with Garden City for more than 15 years. He began his career with Garden City in 1996 as a vice president and director of legal services. He became president in 2000 and was named CEO in 2006. The company has grown from 50 employees in 2000 to more than 500 today, due in part to Mr. Isaac's successes in expanding Garden City Group's scope of business. Mr. Isaac graduated from Benjamin N. Cardozo School of Law and Yeshiva College.

Additional information is available upon request.

This report is available in electronic form to registered users via R*Docs™ at www.rdocs.com or www.williamblair.com.

Please contact us at +1 800 621 0687 or consult http://www.williamblair.com/pages/eqresearch_coverage.asp for all disclosures.

DJIA:	12,279.01
S&P 500:	1,319.44
NASDAQ:	2,756.89

Table 4
Crawford & Company
Income Statement

(dollars in thousands, except per share)	2009	1Q'10	2Q'10	3Q'10	4Q'10	2010	1Q'11	2Q'11	3Q'11E	4Q'11E	2011E	2012E	2013E
Revenues	969,868	236,266	238,151	254,523	301,477	1,030,417	285,038	291,713	254,875	257,742	1,089,369	1,074,954	1,122,734
% Growth	-7.5%	0.1%	-4.6%	3.6%	26.5%	6.2%	20.6%	22.5%	0.1%	-14.5%	5.7%	-1.3%	4.4%
U.S. Property & Casualty Rev.	340,262	84,869	82,299	85,673	82,099	334,940	85,317	95,732	85,673	82,099	348,821	356,689	374,523
% Growth	-2.9%	-2.7%	-6.4%	-1.4%	4.9%	-1.6%	0.5%	16.3%	0.0%	0.0%	4.1%	2.3%	5.0%
Total Claim Count	447,981	114,122	105,276	108,291	108,291	435,980	108,291	87,271	112,353	112,353	420,267	455,302	468,928
% Growth	-2.4%	-1.0%	-9.8%	-4.5%	5.5%	-2.7%	-5.1%	-17.1%	3.8%	3.8%	-3.6%	8.3%	3.0%
Claim Count, Excluding Catastrophe	421,642	110,037	101,483	103,509	103,509	418,538	103,509	104,527	106,614	106,614	421,265	433,903	446,920
% Growth	-2.9%	-0.8%	-6.2%	-1.1%	5.7%	-0.7%	-5.9%	3.0%	3.0%	3.0%	0.7%	3.0%	3.0%
Catastrophe Count	26,339	4,085	3,793	4,782	4,782	17,442	4,782	4,552	5,738	5,738	20,810	21,399	22,007
% Growth	7.5%	-8.4%	-55.2%	-45.0%	1.1%	-33.8%	17.1%	20.0%	20.0%	20.0%	19.3%	2.8%	2.8%
Revenue per Claim	0.76	0.74	0.78	0.79	0.76	0.77	0.79	0.75	0.75	0.75	0.83	0.78	0.80
International Operations Rev.	258,937	68,776	70,406	68,725	77,891	285,798	79,775	87,271	72,161	85,680	324,887	349,024	373,455
% Growth	-16.8%	17.2%	12.1%	2.5%	10.7%	10.4%	16.0%	24.0%	5.0%	-5.0%	13.7%	7.4%	7.0%
Claim Count	569,600	152,069	154,036	157,565	157,565	621,235	157,565	163,278	167,019	167,019	654,881	694,174	735,824
% Growth	-7.9%	1.2%	10.4%	10.7%	14.6%	9.1%	3.6%	6.0%	6.0%	6.0%	5.4%	6.0%	6.0%
Revenue per Claim	0.5	0.45	0.46	0.44	0.49	0.5	0.51	0.69	0.69	0.69	0.5	0.5	0.5
Broadspire Rev.	288,650	61,963	61,180	61,683	60,670	245,496	59,796	57,910	58,599	57,637	233,941	239,753	251,741
% Growth	-7.4%	-16.9%	-16.3%	-12.4%	-14.0%	-15.0%	-3.5%	-5.3%	-5.0%	-5.0%	-4.7%	2.5%	5.0%
Claim Count	222,471	46,615	51,386	60,083	60,083	250,421	60,083	54,983	61,885	61,885	250,421	250,421	250,421
% Growth	-11.2%	-15.9%	-10.1%	6.0%	12.9%	12.6%	28.9%	7.0%	3.0%	3.0%	0.0%	0.0%	0.0%
Revenue per Claim	1.3	1.3	1.2	1.0	1.0	1.0	1.0	1.2	1.2	1.2	0.9	1.0	1.0
Legal Settlement Administration Rev.	82,019	20,658	24,266	38,442	80,817	164,183	60,150	50,800	38,442	32,327	181,719	129,489	123,014
% Growth	9.5%	32.8%	-6.4%	80.1%	321.3%	100.2%	191.2%	109.3%	0.0%	-60.0%	10.7%	-28.7%	-5.0%
Reimbursements	78,334	15,787	17,835	23,587	23,175	80,384	19,070	22,369	23,958	19,846	85,243	85,947	88,364
% of Revenues	8.1%	6.7%	7.5%	9.3%	7.7%	7.8%	6.7%	7.7%	9.4%	7.7%	7.8%	8.0%	7.9%
Total Revenue	1,048,202	252,053	255,986	278,110	324,652	1,110,801	304,108	314,082	278,833	277,589	1,174,612	1,160,901	1,211,098
% Growth						6%					6%	-1%	4%
Cost of Services Provided	713,991	176,546	176,424	185,172	220,721	758,863	206,942	210,773	192,050	193,109	802,875	783,380	811,802
% of Total Operating Costs	70.3%	71.9%	71.0%	70.5%	73.5%	71.8%	72.3%	71.6%	71.5%	71.5%	71.7%	71.0%	71.0%
Reimbursements	78,334	15,787	17,835	23,587	23,175	80,384	19,070	22,369	23,958	19,846	85,243	85,947	88,364
Selling, General, and Administrative, Excl. Pension	209,458	48,967	50,411	50,152	53,096	202,626	55,996	57,163	48,493	53,027	214,680	218,825	229,217
% of Total Operating Costs	20.6%	20.0%	20.3%	19.1%	17.7%	19.2%	19.6%	19.4%	18.1%	19.6%	19.2%	19.8%	20.0%
Corporate Interest Expense, Net	14,166	4,137	3,672	3,923	3,270	15,002	4,136	4,118	4,100	4,100	16,454	15,200	14,000
% of Revenue	1.5%	1.8%	1.5%	1.5%	1.1%	1.5%	1.5%	1.4%	1.6%	1.6%	1.5%	1.4%	1.2%
Total Operating Costs and Expenses	1,015,949	245,437	248,342	262,834	300,262	1,056,875	286,144	294,423	268,602	270,083	1,119,252	1,103,353	1,143,383
% Growth						4%					6%	-1%	4%
Pretax Income	32,253	6,616	7,644	15,276	24,390	53,926	17,964	19,659	10,231	7,506	55,360	57,549	67,715
Pretax % Margin	3.3%	2.8%	3.2%	6.0%	8.1%	5.2%	6.3%	6.7%	4.0%	2.9%	5.1%	5.4%	6.0%
Provision for Income Taxes													
Operating Tax Provision	11,289	2,316	2,675	2,180	8,537	15,708	6,037	6,005	3,581	2,327	17,950	16,114	18,960
Tax Rate	35.0%	35%	35%	14%	35%	29.1%	34%	31%	35%	31%	32.4%	28.0%	28.0%
Operating Income	20,964	4,300	4,969	13,096	15,854	38,219	11,927	13,654	6,650	5,179	37,410	41,435	48,755
% Margin	2.2%	1.8%	2.1%	5.1%	5.3%	3.7%	4.2%	4.7%	2.6%	2.0%	3.4%	3.9%	4.3%
<i>Net Loss (Income) for Noncontrolling Int.</i>	<i>-314</i>	<i>-6</i>	<i>-16</i>	<i>-106</i>	<i>-320</i>	<i>-448</i>	<i>220</i>	<i>-185</i>	<i>-50</i>	<i>-50</i>	<i>-65</i>	<i>-200</i>	<i>-200</i>
Operating Earnings per Share	\$0.39	\$0.08	\$0.09	\$0.24	\$0.29	\$0.70	\$0.23	\$0.25	\$0.12	\$0.10	\$0.69	\$0.76	\$0.90
	-30%					80%					-1%	10%	18%
Goodwill and Intangible Asset Impairment	-140,945	0	-7,303	0	-3,485	-10,788	0	0	0	0	0	0	0
Other Gains or Expenses	-4,059	-2,663	-1,987	0	0	-4,650	0	0	5,800	0	5,800	0	0
Total Tax	2,618	893	865	2,180	5,774	9,712	6,037	6,005	4,064	2,327	18,433		
Tax Effect of Adjustments	-8,671	-1,423	-1,810	0	-2,763	-5,996			483		483		
Net Income	(115,683)	3,054	(2,527)	12,990	14,811	28,328	12,147	13,469	11,917	5,129	42,662	41,235	48,555
Net Income per Share	(\$2.19)	\$0.06	(\$0.05)	\$0.24	\$0.28	\$0.53	\$0.23	\$0.25	\$0.22	\$0.10	\$0.79	\$0.76	\$0.90
Basic Shares Outstanding	52,053	52,387	52,619	52,789	52,854	52,854	53,081	53,485	53,485	53,485	53,485	53,485	53,485
Diluted Shares Outstanding	52,902	52,915	52,619	53,306	53,801	53,801	53,504	53,940	53,940	53,940	53,940	53,940	53,940

Sources: Company reports and William Blair & Company, L.L.C.

Table 5
Crawford & Company
Segment Earnings

SEGMENTS	2009	1Q'10	2Q'10	3Q'10	4Q'10	2010	1Q'11	2Q'11	3Q'11E	4Q'11E	2011E	2012E	2013E
(dollars in thousands)													
Americas													
Revenues	340,262	84,869	82,299	85,673	82,099	334,940	85,317	95,732	85,673	82,099	348,821	356,689	374,523
% Growth	-3%	-3%	-6%	-1%	5%	-2%	1%	16%	0%	0%	4%	2%	5%
Comp. and Benefits	217,829	53,969	52,640	53,825	53,165	213,599	56,006	57,844	55,687	52,543	222,081	226,519	235,950
% of Revenue	64%	64%	64%	63%	65%	64%	66%	60%	65%	64%	64%	64%	63%
Other Expenses	93,039	24,051	24,408	25,617	26,518	100,594	26,197	27,693	26,559	25,451	105,899	103,440	106,762
% of Revenue	27%	28%	30%	30%	32%	30%	31%	29%	31%	31%	30%	29%	29%
Total Expenses	310,868	78,020	77,048	79,442	79,683	314,193	82,203	85,537	82,246	77,994	327,980	329,959	342,712
Operating Earnings (Loss)	29,394	6,849	5,251	6,231	2,416	20,747	3,114	10,195	3,427	4,105	20,841	26,730	31,812
Margin	9%	8%	6%	7%	3%	6%	4%	11%	4%	5%	6%	7%	8%
International Operations													
Revenues	258,937	68,776	70,406	68,725	77,891	285,798	79,775	87,271	72,161	85,680	324,887	349,024	373,455
% Growth	-17%	17%	12%	2%	11%	10%	16%	24%	5%	10%	14%	7%	7%
Comp. and Benefits	177,033	48,051	47,976	46,019	49,389	191,435	52,617	57,491	48,348	57,406	215,862	230,356	246,481
% of Revenue	68%	70%	68%	67%	63%	67%	66%	66%	67%	67%	66%	66%	66%
Other Expenses	58,503	15,912	17,167	17,572	18,883	69,534	20,006	22,153	18,040	21,420	81,619	83,766	85,895
% of Revenue	23%	23%	24%	26%	24%	24%	25%	25%	25%	25%	25%	24%	23%
Total Expenses	235,536	63,963	65,143	63,591	68,272	260,969	72,623	79,644	66,388	78,826	297,481	314,121	332,375
Operating Earnings (Loss)	23,401	4,813	5,263	5,134	9,619	24,829	7,152	7,627	5,773	6,854	27,406	34,902	41,080
Margin	9%	7%	7%	7%	12%	9%	9%	9%	8%	8%	8%	10%	11%
Broadspire													
Revenues	288,650	61,963	61,180	61,683	60,670	245,496	59,796	57,910	58,599	57,637	233,941	239,753	251,741
% Growth	-7%	-17%	-16%	-12%	-14%	-15%	-3%	-5%	-5%	-5%	-5%	2%	5%
Comp. and Benefits	161,786	37,179	35,396	35,391	37,119	145,685	34,714	34,396	34,573	34,006	137,689	135,439	139,693
% of Revenue	56%	60%	58%	57%	62%	59%	58%	59%	59%	59%	59%	56%	55%
Other Expenses	128,466	27,117	27,556	26,951	29,899	111,523	28,242	26,613	26,369	25,936	107,161	106,668	109,484
% of Revenue	45%	44%	45%	44%	49%	45%	47%	46%	45%	45%	46%	44%	43%
Total Expenses	290,252	64,296	62,952	62,342	67,618	257,208	62,956	61,009	60,943	59,942	244,850	242,107	249,178
Operating Earnings (Loss)	-1,602	-2,333	-1,772	-659	-6,948	-11,712	-3,160	-3,099	-2,344	-2,305	-10,908	-2,354	2,563
Margin	-1%	-4%	-3%	-1%	-11%	-5%	-5%	-5%	-4%	-4%	-5%	-1%	1%
Legal Settlement Administration													
Revenues	82,019	20,658	24,266	38,442	80,817	164,183	60,150	50,800	38,442	32,327	181,719	129,489	123,014
% Growth	9%	33%	-6%	80%	321%	100%	191%	109%	0%	-60%	11%	-29%	-5%
Comp. and Benefits	35,859	10,076	10,740	13,631	20,149	54,596	19,644	19,017	14,608	12,284	65,553	52,099	53,498
% of Revenue	44%	49%	44%	35%	25%	33%	33%	37%	38%	38%	36%	40%	43%
Other Expenses	33,030	7,299	7,960	13,843	32,824	61,926	23,508	17,025	14,224	11,961	66,717	49,840	47,976
% of Revenue	40%	35%	33%	36%	41%	38%	39%	34%	37%	37%	37%	38%	39%
Total Expenses	68,889	17,375	18,700	27,474	52,973	116,522	43,152	36,042	28,832	24,245	132,271	101,938	101,474
Operating Earnings (Loss)	13,130	3,283	5,566	10,968	27,844	47,661	16,998	14,758	9,611	8,082	49,448	27,551	21,540
Margin	16%	16%	23%	29%	34%	29%	28%	29%	25%	25%	27%	21%	16%
Revenue Backlog	55,000	50,700	56,500	75,000	90,000	90,000	110,000	75,200					
Total Segment Operating Earnings	64,323	12,612	14,308	21,674	32,931	81,525	24,104	29,481	16,466	16,736	86,787	86,829	96,995
Unallocated Corporate and Shared Costs	-10,996	-155	-1,306	-783	-3,597	-5,841	-350	-4,043	-500	-3,500	-8,393	-6,400	-6,400
Goodwill and Intangible Asset Impairment	-140,945	0	-7,303	0	-3,485	-10,788	0	0	0	0	0	0	0
Net Corporate Interest Expense	-14,166	-4,137	-3,672	-3,923	-3,270	-15,002	-4,136	-4,118	-4,100	-4,100	-16,454	-16,400	-16,400
Stock Option Expense	-914	-204	-187	-195	-175	-761	-155	-142	-135	-130	-562	-480	-480
Amortization of CRM assets	-5,994	-1,500	-1,499	-1,497	-1,499	-5,995	-1,499	-1,519	-1,500	-1,500	-6,018	-6,000	-6,000
Other Gains or Expenses	-4,059	-2,663	-1,987	0	0	-4,650	0	0	8,923	0	8,923	0	0
Total Pretax Income	-112,751	3,953	-1,646	15,276	20,905	38,488	17,964	19,659	19,154	7,506	64,283	57,549	67,715

Sources: Company reports and William Blair & Company, L.L.C.

Table 6
Crawford & Company
Balance Sheet
(dollars in thousands)

BALANCE SHEET	2009	1Q'10	2Q'10	3Q'10	4Q'10	2010	1Q'11	2Q'11	3Q'11E	4Q'11E	2011E	2012E	2013E
Assets													
Cash and Cash Equivalents, and Short Terms	70,354	48,294	38,234	42,193	93,540	93,540	46,732	37,206	40,596	42,117	42,117	72,089	91,103
% of Assets	9%	7%	5%	6%	11%	11%	6%	5%	5%	5%	5%	7%	7%
Accounts Receivable, Net	139,215	152,735	150,489	169,428	142,521	142,521	167,832	185,026	201,884	209,448	209,448	264,326	334,045
% of Assets	19%	21%	21%	22%	17%	17%	21%	22%	22%	22%	22%	19%	19%
Unbilled Revenues, Net	93,796	98,910	104,034	116,683	122,933	122,933	129,606	136,726	149,183	154,773	154,773	180,222	227,758
% of Assets	13%	13%	14%	15%	15%	15%	16%	17%	17%	17%	17%	15%	15%
Prepaid Expenses and Other Current Assets	22,350	21,563	24,851	27,643	20,411	20,411	21,914	21,363	23,309	24,183	24,183	48,059	60,736
% of Assets	3%	3%	3%	4%	2%	2%	3%	3%	3%	3%	3%	4%	4%
Total Current Assets	325,715	321,502	317,608	355,947	379,405	379,405	366,084	380,321	414,973	430,520	430,520	564,696	713,642
Net Property and Equipment	42,146	41,205	40,193	40,868	43,371	43,371	43,590	44,050	48,064	49,864	49,864	60,074	75,919
% of Assets	6%	6%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Goodwill	123,169	123,104	122,162	122,590	125,764	125,764	126,982	129,872	141,705	147,014	147,014	192,237	242,942
% of Assets	17%	17%	17%	16%	15%	15%	16%	16%	16%	16%	16%	16%	16%
Intangible Assets, From Acquisitions, Net	104,409	102,716	100,979	99,433	97,881	97,881	98,609	97,180	106,034	110,007	110,007	156,193	197,390
% of Assets	14%	14%	14%	13%	12%	12%	12%	12%	12%	12%	12%	13%	13%
Capitalized Software Costs, Net	50,463	51,759	52,841	53,887	55,204	55,204	55,540	56,056	61,163	63,455	63,455	84,104	106,287
% of Assets	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Deferred Income Tax Assets	69,504	68,640	68,072	67,314	91,930	91,930	90,968	90,022	98,224	101,904	101,904	108,133	136,655
% of Assets	9%	9%	9%	9%	11%	11%	11%	11%	11%	11%	11%	9%	9%
Other Noncurrent Assets	27,499	27,131	26,460	25,798	27,119	27,119	26,197	25,962	28,327	29,389	29,389	36,044	45,552
% of Assets	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Other Assets	417,190	414,555	410,707	409,890	441,269	441,269	441,886	443,142	483,518	501,633	501,633	636,785	804,746
Total Assets	742,905	736,057	728,315	765,837	820,674	820,674	807,970	823,463	898,491	932,154	932,154	1,201,482	1,518,388
<i>Assets to Equity Leverage</i>	<i>12.1x</i>	<i>11.5x</i>	<i>12.0x</i>	<i>9.7x</i>	<i>8.6x</i>	<i>8.6x</i>	<i>7.5x</i>	<i>6.3x</i>	<i>6.5x</i>	<i>6.5x</i>	<i>6.5x</i>	<i>6.5x</i>	<i>6.5x</i>
Liabilities													
Short-Term Borrowings	32	13,932	17,914	31,149	-	-	14,000	484	532	552	552	711	899
% of Liabilities	0%	2%	3%	5%	0%	0%	2%	0%	0%	0%	0%	0%	0%
Deferred Revenues	53,664	57,224	50,071	51,227	48,198	48,198	50,640	51,065	56,112	58,214	58,214	75,034	94,825
% of Liabilities	8%	8.5%	8%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Other Current Liabilities	174,427	178,262	185,227	203,202	248,643	248,643	213,946	229,406	252,078	261,522	261,522	337,084	425,994
Total Current Liabilities	228,123	249,418	253,212	285,578	296,841	296,841	278,586	280,955	308,721	320,288	320,288	412,829	521,717
% of Liabilities	33%	37%	38%	42%	41%	41%	40%	41%	41%	41%	41%	41%	41%
Long-Term Debt and Capital Leases	178,936	172,480	171,920	171,638	220,437	220,437	219,829	217,589	216,675	216,905	216,905	218,577	205,566
% of Liabilities	26%	26%	26%	25%	30%	30%	31%	31%	29%	28%	28%	22%	16%
Accrued Pension Liabilities	212,507	187,417	180,128	167,908	145,030	145,030	142,395	134,845	133,046	134,087	134,087	132,163	128,479
% of Liabilities	31%	28%	27%	24%	20%	20%	20%	19%	18%	17%	17%	13%	10%
Other Noncurrent Liabilities	62,053	62,656	62,211	61,520	63,135	63,135	60,069	58,495	101,820	117,466	117,466	253,069	429,027
Total Noncurrent Liabilities	453,496	422,553	414,259	401,066	428,602	428,602	422,293	410,929	451,540	468,458	468,458	603,809	763,072
% of Liabilities	67%	63%	62%	58%	59%	59%	60%	59%	59%	59%	59%	59%	59%
Total Liabilities	681,619	671,971	667,471	686,644	725,443	725,443	700,879	691,884	760,262	788,745	788,745	1,016,638	1,284,790
Equity													
Minority Interest	4,604	4,562	4,838	4,785	5,715	5,715	5,062	5,262	5,262	5,262	5,262	5,262	5,262
Shareholders' Investments	56,682	59,524	56,006	74,408	89,516	89,516	102,029	126,317	132,967	138,146	138,146	179,581	228,336
Shareholders' Equity	61,286	64,086	60,844	79,193	95,231	95,231	107,091	131,579	138,229	143,408	143,408	184,843	233,598
Total Liabilities and Shareholders' Equity	742,905	736,057	728,315	765,837	820,674	820,674	807,970	823,463	898,491	932,154	932,154	1,201,482	1,518,388
Capital Structure													
Short-Term Borrowings	32	13,932	17,914	31,149	0	0	14,000	484	532	552	552	711	899
Long-Term Debt and Capital Leases	178,936	172,480	171,920	171,638	220,437	220,437	219,829	217,589	216,675	216,905	216,905	218,577	205,566
Minority Interest	4,604	4,562	4,838	4,785	5,715	5,715	5,062	5,262	5,262	5,262	5,262	5,262	5,262
Shareholders' Investments	56,682	59,524	56,006	74,408	89,516	89,516	102,029	126,317	132,967	138,146	138,146	179,581	228,336
Total	240,254	250,498	250,678	281,980	315,668	315,668	340,920	349,652	355,436	360,865	360,865	404,132	440,063
Debt/Capital	74.5%	74.4%	75.7%	71.9%	69.8%	69.8%	68.6%	62.4%	61.1%	60.3%	60.3%	54.3%	46.9%
Interest Coverage Ratio	5.5	4.4	5.1	6.8	10.8	6.6	7.2	7.7	5.5	4.8	4.8	6.9	8.2
Long-Term Debt to EBITDA	2.3					2.2					2.1	2.1	1.8

Sources: Company reports and William Blair & Company, L.L.C.

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