SECURITY CAPITAL CORP/DE/
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August 11, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

Security Capital Corporation

(Name of Registrant as Specified In Its Charter)
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Security Capital Corporation

SECURITY CAPITAL CORPORATION
Eight Greenwich Office Park, Third Floor
Greenwich, Connecticut 06831

August 11, 2006

Dear Stockholders,

I am pleased to inform you that Security Capital Corporation (the Company) and Sedgwick CMS Holdings, Inc. (Sedgwick CMS) have entered into a definitive merger agreement pursuant to which Sedgwick CMS will acquire all of the outstanding shares of Security Capital Common Stock and Class A Common Stock. This merger agreement, which has been unanimously approved by the Board of Directors, represents the culmination of our previously announced formal sale process for the Company.

As you know, the Board began exploring strategic alternatives to maximize value for our stockholders in January 2004. The Board was concerned that, due to the lack of liquidity of our Class A Common Stock (resulting from our small public float and lack of market following), the price of our Class A Common Stock (which was $7.30 on January 14, 2004, the last trading day prior to our announcement of the formation of a Special Committee) did not reflect what the Board viewed as the true value of the Company. The Board was also concerned with the increasing costs of our remaining a public company (including costs to comply with the Sarbanes-Oxley Act).

At that time, the Board voted unanimously to form the Special Committee, made up of independent directors, to explore strategic alternatives to maximize value and provide liquidity for our public stockholders. Over several months, the Special Committee, with the assistance of an independent financial advisor and independent counsel, explored various different strategic alternatives for the Company, including remaining independent, a going-private transaction or a leveraged recapitalization and extraordinary dividend.

In July 2004, our majority stockholder submitted an offer to acquire the shares of our Common Stock and Class A Common Stock that it did not already own in a proposed going-private transaction for $9.00 per share, which offer was subsequently raised to $10.60 per share. In addition, in September 2004, we received an offer from members of the senior management team of our CompManagement business to acquire 100% of our outstanding shares of Common Stock and Class A Common Stock for $10.50 per share, which offer was subsequently raised to $10.85 per share. We also received a third-party offer to acquire 100% of our outstanding shares of Common Stock and Class A Common Stock for $11.00 per share.

Based upon the resolution of certain corporate uncertainties, the Company s outstanding operating results in 2004 and the Company s substantially improved prospects since the formation of the Special Committee, in April 2005 I recommended that the Special Committee and the Board of Directors consider initiating a formal sale process to seek the highest price reasonably obtainable for the sale of the Company. In May 2005, the Board unanimously determined, based upon the unanimous recommendation of the Special Committee and presentations from various investment banks, that the best way to maximize value and provide liquidity for our public stockholders was to switch to a formal sale process to solicit third-party bidders to seek the highest price reasonably obtainable for the Company. The determination to switch to the formal sale process was supported by our majority stockholder, which stated its intention not to be a bidder in the formal sale process and to vote its shares in favor of a sale of the Company if appropriate value was achieved. The Board assigned Capital Partners, Inc., the representative of our majority stockholder and the manager of the Company, the responsibility to manage the formal sale process and retained UBS Securities LLC to assist in the process.

We publicly announced the formal sale process and the retention of UBS Securities on June 7, 2005. The closing price of our Class A Common Stock on June 6, 2005 (the last trading day prior to such announcement) was $9.98.

From August to October 2005, UBS contacted over 120 potential third-party purchasers. By November 2005, we had received 31 initial indications of interest. While we preferred a sale of the entire Company to a single buyer, almost all of the potential purchasers were interested only in purchasing either our Primrose business or our CompManagement business. Based on such indications and the subsequent bids, the Board determined that the best way to maximize value and provide liquidity for our public stockholders was to first sell Primrose and then sell the balance of the Company.

On February 9, 2006, the Board unanimously approved the sale of our 91.52% (on a fully diluted basis) interest in Primrose for approximately $76.8 million, on a pre-tax basis. The Primrose sale closed on March 31, 2006. Our net after-tax proceeds from the sale of Primrose were approximately $57.8 million.

On May 31, 2006, in an effort to provide our stockholders with some liquidity while the Company continued to pursue the sale of the balance of the Company, the Board declared a special cash dividend of $9.04 per share of Common Stock and Class A Common Stock, funded principally from the net after-tax proceeds of the Primrose sale. The $9.04 special cash dividend was paid on June 28, 2006 to stockholders of record at the close of business on June 14, 2006.

Our nearly two and one-half year sale process culminated on June 12, 2006, when we entered into the definitive merger agreement with Sedgwick CMS for the sale of the balance of the Company, including our 83.68% (on a fully diluted basis) interest in the CompManagement business. If the merger is completed, you will receive $16.46 in cash per share of Common Stock and Class A Common Stock that you hold.

The final step in our sale process is the adoption of the Sedgwick CMS merger agreement by our stockholders. If the merger is completed, when taken together with the $9.04 per share special cash dividend that we paid on June 28, 2006 in connection with the sale of Primrose, our formal sale process will have resulted in our stockholders receiving a total of $25.50 for each share of Common Stock and Class A Common Stock.

You are cordially invited to attend a special meeting of our stockholders to be held in Conference Room 39B, 39th Floor, 101 Park Avenue, New York, New York on September 8, 2006, at 9:00 a.m., Eastern Time to vote on the adoption of the Sedgwick CMS merger agreement. As described in the enclosed proxy statement, the Board has unanimously approved the merger agreement in all respects and declared that the merger and the merger agreement are advisable, fair to and in the best interests of the Company and all of its stockholders. **The Board recommends that you vote FOR the adoption of the merger agreement**.

The Sedgwick CMS merger agreement has also received the support of our majority stockholder, which is not affiliated in any way with Sedgwick CMS. In addition, in order to make the Company more attractive to Sedgwick CMS, and in an effort to increase the merger consideration payable to all of our stockholders, our majority stockholder and certain of our directors and executive officers have committed to vote their shares of Common Stock and Class A Common Stock in favor of the adoption of the merger agreement and have agreed to escrow a portion of their merger consideration to secure certain indemnification obligations that they have agreed to in favor of Sedgwick CMS, which indemnification obligations and escrow requirements will *not* be imposed upon our public stockholders. The number of shares committed to vote for the merger is, absent a change of the Board s recommendation of the merger, sufficient to approve the merger.

The proxy statement that accompanies this letter provides you with extensive information about the merger agreement, the merger and the special meeting, including your right to dissent from the merger and exercise your statutory appraisal rights. We encourage you to read the entire proxy statement carefully. You may also obtain more detailed information about the Company from documents that we have filed with the Securities and Exchange Commission.

Whether or not you plan to attend the special meeting, please promptly complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. Your shares will then be represented at the special meeting. If you attend the special meeting, you may, by following the procedures discussed in the accompanying documents, withdraw your proxy and vote in person. Thank you for your continued support.

Sincerely,

Brian D. Fitzgerald
Chairman of the Board of Directors, President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger agreement or the transactions contemplated thereby, including the merger, or passed upon the adequacy or accuracy of the disclosure in the accompanying proxy statement. Any representation to the contrary is a criminal offense.

THE PROXY STATEMENT IS DATED AUGUST 11, 2006 AND IS FIRST BEING GIVEN OR SENT TO STOCKHOLDERS ON OR ABOUT AUGUST 11, 2006.

Security Capital Corporation

SECURITY CAPITAL CORPORATION

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD SEPTEMBER 8, 2006

A special meeting of the stockholders of Security Capital Corporation will be held in Conference Room 39B, 39th Floor, 101 Park Avenue, New York, New York on September 8, 2006, at 9:00 a.m., Eastern Time, for the following purposes, as more fully described in the accompanying proxy statement:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of June 12, 2006 (the Merger Agreement), among Sedgwick CMS Holdings, Inc. (Sedgwick CMS), GOSC Merger Corp. (Merger Corp.) and Security Capital Corporation (the Company), pursuant to which Merger Corp. will be merged with and into the Company and the Company will become a wholly owned subsidiary of Sedgwick CMS.

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The Board of Directors of the Company has unanimously approved the Merger Agreement and is submitting it to the stockholders for their adoption. If the merger is completed, each issued and outstanding share of our Common Stock and Class A Common Stock (other than shares of our Common Stock and Class A Common Stock held by dissenting stockholders who properly exercise their statutory appraisal rights under Delaware law as described in the proxy statement) will be converted into the right to receive $16.46 in cash, without interest.

The merger is described in the accompanying proxy statement, which you are urged to read carefully. A copy of the Merger Agreement is attached to the proxy statement as Appendix A.

Only holders of record of our Common Stock or Class A Common Stock at the close of business on August 10, 2006, the record date, are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof. A list of stockholders entitled to vote at the special meeting will be open for examination by any stockholder for any purpose germane to the meeting during ordinary business hours for a period of 10 days prior to the special meeting at the offices of the Company, Eight Greenwich Office Park, Third Floor, Greenwich, Connecticut 06831. A copy of the list of stockholders entitled to vote at the special meeting will also be available at the special meeting.

Adoption of the Merger Agreement requires the affirmative vote of the holders of at least a majority of the shares of Common Stock and Class A Common Stock entitled to vote at the meeting, voting as a single class, in accordance with our certificate of incorporation and bylaws and Delaware law. Under the terms of a voting agreement (which will terminate upon the termination of the Merger Agreement), the holders of a majority of our outstanding shares of Common Stock and Class A Common Stock have agreed to vote their respective shares for the adoption of the Merger Agreement. Their shares represent more than the number of votes necessary to adopt the Merger Agreement at the special meeting even if you and every other stockholder of the Company vote against the adoption of the Merger Agreement. However, if the Board of Directors changes its recommendation in favor of the merger, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition, L.P. No. 1 and A. George Gebauer will also be required to adopt the merger agreement.

The Board of Directors is not aware of any matters that may be brought before the special meeting other than those set forth in this Notice of Special Meeting of Stockholders. If other matters properly come before the special meeting, the persons named in the accompanying proxy card will vote the shares represented by all properly executed proxy cards on such matters in accordance with any recommendation of the Board or, in the absence of such recommendation, in their discretion.

Whether or not you plan to attend the special meeting in person, please complete, sign, date and return the enclosed proxy card to ensure that your shares will be represented at the special meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for that purpose. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain from your nominee a proxy issued in your name.

Please do not send your stock certificates at this time. If the merger is completed, you will be sent instructions regarding surrender of your stock certificates.

The Board of Directors has unanimously approved the Merger Agreement and recommends that our stockholders vote **FOR** the adoption of the Merger Agreement.

By Order of the Board of Directors,

A. George Gebauer
Vice Chairman of the Board of Directors and Secretary

August 11, 2006

PROXY STATEMENT

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting of stockholders and the merger. Please refer to the more detailed information contained elsewhere in this proxy statement, the appendices to this proxy statement and the documents referred to in this proxy statement.

Unless we otherwise indicate or unless the context requires otherwise, all references in this document to the Company, Security Capital, we, our, and us refer to Security Capital Corporation and its subsidiaries; all references to Sedgwick CMS refer to Sedgwick CMS Holdings, Inc.; all references to Merger Corp. refer to GOSC Merger Corp.; all references to WC refer to WC Holdings, Inc.; all references to CompManagement refer to CompManagement, Inc.; all references to CP Acquisition refer to CP Acquisition, L.P. No. 1; all references to Capital Partners refer to Capital Partners, Inc.; all references to UBS refer to UBS Securities LLC; all references to HSC refer to Hill Street Capital LLC; all references to the merger agreement refer to the Agreement and Plan of Merger, dated June 12, 2006, among Sedgwick CMS, Merger Corp. and the Company, a copy of which is attached to this proxy statement as Appendix A; and all references to the merger refer to the merger contemplated by the merger agreement.

All information contained in this proxy statement concerning Sedgwick CMS, Merger Corp., Fidelity National Financial, Inc., Thomas H. Lee Partners, L.P. and Evercore Capital Partners, and their affiliates and designees, has been supplied by Sedgwick CMS and has not been independently verified by the Company. All information contained in this proxy statement concerning CP Acquisition (our majority stockholder), Capital Partners (the representative of our majority stockholder and the manager of the Company) and FGS, Inc. and FGS Partners, L.P. (affiliates of CP Acquisition and Capital Partners) has been supplied by Capital Partners and has not been independently verified by the Company.

Q: When and where is the special meeting?

A: The special meeting of the Company s stockholders will be held in Conference Room 39B, 39th Floor, 101 Park Avenue, New York, New York on September 8, 2006, at 9:00 a.m., Eastern Time.

Q: What matters will I vote on at the special meeting?

A: You will vote on:

- the adoption of the merger agreement; and
- such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Q: How does the Company s Board of Directors recommend that I vote on the adoption of the merger agreement?

A: The Board of Directors unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement.

Q: What vote of stockholders is required to adopt the merger agreement?

A: Stockholders holding at least a majority of the aggregate shares of our Common Stock and Class A Common Stock outstanding as of the close of business on August 10, 2006, voting as a single class, must vote **FOR** the adoption of the merger agreement for the merger agreement to be adopted.

In connection with the execution of the merger agreement, Brian D. Fitzgerald (our chairman, president and chief executive officer, and, through Capital Partners, the controlling person of our majority stockholder), FGS, Inc., CP Acquisition and A. George Gebauer (our vice chairman and secretary and an officer of Capital Partners) entered into a voting agreement, dated as of

June 12, 2006, with Sedgwick CMS and Merger Corp., in which each of Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer has agreed, among other things, to (i) vote all of their shares of Common Stock and Class A Common Stock in favor of the adoption of the merger agreement, (ii) grant an irrevocable proxy to Sedgwick CMS with respect to all such shares, (iii) not transfer any such shares or any interest in such shares, except to Sedgwick CMS, and (iv) not solicit or participate in any competing proposals for the acquisition of the Company. Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer are the owners of record and have voting control over an aggregate of 80.4% of the outstanding shares of capital stock of the Company. Their shares represent more than the number of votes necessary to adopt the merger agreement at the special meeting even if you and every other stockholder of the Company vote against the adoption of the merger agreement. However, if the Board of Directors changes its recommendation in favor of the merger, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer will also be required to adopt the merger agreement. The voting agreement will terminate on the first to occur of (a) the closing of the merger or (b) the termination of the merger agreement in accordance with its terms.

Q: Who is entitled to vote?

A: Stockholders of record as of the close of business on August 10, 2006, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. On the record date, approximately 380 shares of our Common Stock and 7,358,082 shares of our Class A Common Stock, held by approximately 750 stockholders of record, were outstanding and entitled to vote at the special meeting. You may vote all shares you owned as of the close of business on the record date. All shares are entitled to one vote per share.

Q: If my shares are held in street name by my broker, bank or other nominee, will it vote my shares for me?

A: Yes, but only if you provide instructions to your broker, bank or other nominee on how to vote. You should follow the proxy submission instructions provided by your nominee regarding how to instruct it to vote your shares. Without those instructions, your shares will not be voted.

Q: How do I cause my shares to be voted without attending the special meeting?

A: If you hold shares in your name as the stockholder of record, then you received this proxy statement and a proxy card from us. To submit a proxy by mail, complete, sign and date the proxy card and return it in the postage-paid envelope provided. If you hold shares in street name through a broker, bank or other nominee, then you received this proxy statement from your nominee, along with the nominee s form of proxy submission instructions. In either case, you may submit a proxy for your shares by mail without attending the special meeting.

Q: What does it mean if I get more than one proxy card or form of proxy submission instructions?

A: If you have shares of our Common Stock or Class A Common Stock that are registered differently or are in more than one account, you will receive more than one proxy card or form of proxy submission instructions. Please follow the directions for submitting a proxy on each of the proxy cards or form of proxy submission instructions you receive to ensure that all of your shares are voted.

Q: How do I vote in person at the special meeting?

A: If you hold shares in your name as the stockholder of record, you may vote those shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring proof of identification with you. Even if you plan to attend the meeting, we recommend

that you submit a proxy card for your shares in advance as described above, so your vote will be counted even if you later decide not to attend.

If you hold shares in street name through a broker, bank or other nominee, you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from your nominee giving you the right to vote the shares. To do this, you should contact your nominee.

Q: Can I change my vote?

A: After you submit a proxy card for your shares, you may change your vote at any time before voting is closed at the special meeting. If you hold shares in your name as the stockholder of record, you should write to our Secretary at our principal offices, Eight Greenwich Office Park, Third Floor, Greenwich, Connecticut 06831, stating that you want to revoke your proxy and that you need another proxy card. Attendance at the special meeting will not by itself constitute revocation of a proxy. If you hold your shares in street name through a broker, bank or other nominee, you should follow your nominee s proxy submission instructions. If you attend the special meeting, you may vote by ballot as described above, which will cancel your previous vote. Your last proxy submission or vote, as the case may be, before voting is closed at the special meeting is the vote that will be counted.

Q: What is a quorum for the special meeting?

A: A quorum of the holders of the outstanding shares of our Common Stock and Class A Common Stock, treated as one class, must be present for the special meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of our Common Stock and Class A Common Stock entitled to vote are present at the meeting, either in person or represented by proxy. Abstentions and broker non-votes (as described below) are counted as present for the purpose of determining whether a quorum is present.

Pursuant to the voting agreement, the holders of 80.4% of the outstanding shares of capital stock of the Company are obligated to be present for purposes of determining that a quorum is present at the special meeting. As such, a quorum will be present even if no other stockholder is represented in person or by proxy.

Q: How are votes counted?

A: You may vote **FOR** , **AGAINST** or **ABSTAIN** on the vote to adopt the merger agreement. An abstention will not count as a vote cast **FOR** the merger agreement, but will count for the purpose of determining whether a quorum is present.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Like an abstention, broker non-votes will not count as votes cast on a proposal, but will count for the purpose of determining whether a quorum is present.

The affirmative vote of a majority of the outstanding shares of Common Stock and Class A Common Stock, voting as a single class, is required to adopt the merger agreement. As a result, abstentions and broker non-votes on the proposal to adopt the merger agreement will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

If you sign your proxy card without indicating your vote, your shares will be voted **FOR** the adoption of the merger agreement and in accordance with any recommendation of the Board or, in the absence of such recommendation, in the discretion of the proxies named in the enclosed proxy card on any other matter properly brought before the meeting for a vote.

Q: Who will bear the cost of this solicitation?

A: We will pay the cost of soliciting stockholder proxies, and have retained D.F. King & Co., Inc. to assist us in this process for an estimated $2,500, plus expenses. We will, upon request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record. We will solicit proxies by mail and may also solicit them in person or by telephone, e-mail, facsimile or other electronic means of communication.

Q: Should I send in my stock certificates now?

A: No. Shortly after the merger is completed, you will receive a letter of transmittal with instructions informing you how to send your stock certificates to the paying agent in order to receive the merger consideration. You should use the letter of transmittal to exchange your Company stock certificates for the merger consideration to which you are entitled as a result of the merger. **DO NOT SEND ANY STOCK CERTIFICATES WITH YOUR PROXY CARD.**

Q: Who can help answer my other questions?

A: If you have more questions about the special meeting or the merger, you should contact the Company, Attention: Chief Financial Officer, Eight Greenwich Office Park, Third Floor, Greenwich, Connecticut 06831, or by telephone at (203) 625-0770.

SUMMARY

The following summary highlights material information contained in this proxy statement but does not contain all of the information that may be important to you. You are urged to read the entire proxy statement carefully, including the appendices. The information contained in this summary is qualified in its entirety by reference to the more detailed information contained in this proxy statement and the appendices.

- **The Parties to the Merger.**

- The Company operates as a holding company that actively participates in the management of its subsidiaries. The Company conducts business through its 83.68% (on a fully diluted basis) subsidiary, WC. WC, through its wholly owned subsidiary, CompManagement, is a leading independent provider of comprehensive claims management, cost containment and consulting services designed to control the cost to employers of workers compensation, medical malpractice, automobile, general liability, unemployment and short- and long-term disability insurance benefits. WC s activities are primarily centered in Ohio, California, Virginia, Maryland, Texas, Michigan, Florida, Washington, Minnesota and New York.

- Sedgwick CMS is the parent company of Sedgwick Claims Management Services, Inc., a leading provider of innovative claims and productivity management solutions. Sedgwick CMS delivers cost-effective claims administration, managed care, program management and related services to major employers through the expertise of employees located in more than 80 offices in the United States and Canada and specializes in workers compensation; disability, FMLA and other employee absence; and general, automobile and professional liability claims services. The principal equity holders of Sedgwick CMS are Fidelity National Financial, Inc., a New York Stock Exchange-listed company, Thomas H. Lee Partners, L.P. and Evercore Capital Partners. None of the Company, CP Acquisition, Capital Partners or any of their respective directors or executive officers, including Mr. Fitzgerald, is in any way affiliated with Sedgwick CMS or, to their knowledge, any of its principal equity holders.

- Merger Corp. is a wholly owned subsidiary of Sedgwick CMS formed in 2006 solely for the purpose of completing the merger with the Company. Merger Corp. has not engaged in any business except in anticipation of the merger.

See The Parties to the Merger on page 17.

- **The Merger Agreement and the Merger.** You are being asked to vote to adopt the merger agreement providing for the acquisition of the Company by Sedgwick CMS.

Under the merger agreement, Merger Corp. will be merged with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Sedgwick CMS. The merger will occur according to the terms and conditions of the merger agreement, which is described in this proxy statement and is attached as Appendix A. You should read the description of the merger agreement in this proxy statement under the heading The Merger Agreement, as well as the merger agreement itself, carefully.

See The Merger Agreement on page 59.

- Timing and Likelihood of Closing. We are working toward completing the merger as soon as possible, and we anticipate that it will be completed at the end of the third quarter or the beginning of the fourth quarter of 2006, assuming satisfaction or waiver of all of the conditions to the merger. However, because the merger is subject to certain conditions, the exact timing of the merger and the likelihood of its completion cannot be predicted. If any of the conditions in the merger agreement are not satisfied, the merger agreement may be terminated. See The Merger Agreement Conditions to Closing the Merger on page 73.

- **Merger Consideration.** Upon completion of the merger, you will be entitled to receive $16.46 in cash, without interest, for each share of Common Stock or Class A Common Stock owned by you immediately prior to the effective time of the merger. If you perfect your appraisal rights, you will not be entitled to the merger consideration. See The Merger Agreement Merger Consideration on page 60 and Appraisal Rights on page 83.

- **Board Recommendation.** The Board of Directors unanimously recommends that you vote **FOR** the adoption of the merger agreement. See The Merger Recommendation of the Board of Directors on page 35.

- **Opinions of UBS Securities LLC and Hill Street Capital LLC.** The Board of Directors has received a written opinion, dated June 12, 2006, from UBS as to the fairness, from a financial point of view, to the holders of Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent that they are holders of Common Stock and Class A Common Stock) of the $16.46 per share consideration to be received by such holders in the merger. The full text of that opinion is attached to this proxy statement as Appendix B. The Board of Directors has also received a written opinion, dated June 12, 2006, from HSC as to the fairness, from a financial point of view, to the holders of the Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent that they are holders of Common Stock and Class A Common Stock) of the $16.46 per share consideration to be received by such holders in the merger. The full text of that opinion is attached to this proxy statement as Appendix C. We encourage you to read these opinions carefully for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **The opinions were provided to the Board of Directors in connection with its evaluation of the $16.46 per share consideration to be received by holders of the Company s Common Stock and Class A Common Stock in the merger, do not address any other aspect of the merger and do not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger.** See The Merger Opinion of UBS Securities LLC on page 35, The Merger Opinion of Hill Street Capital LLC on page 40, Appendix B Opinion of UBS and Appendix C Opinion of HSC.

- **Record Date and Voting Power.** You are entitled to vote at the special meeting if you owned of record shares of Common Stock or Class A Common Stock as of the close of business on August 10, 2006, the record date for the special meeting. Each outstanding share of our Common Stock and Class A Common Stock on the record date entitles the holder to one vote on each matter submitted to stockholders for approval at the meeting. As of the close of business on the record date, there were an aggregate of 7,358,462 shares of Common Stock and Class A Common Stock entitled to vote. See The Special Meeting Record Date, Quorum and Voting Power on page 17.

- **Stockholder Vote Required to Adopt the Merger Agreement.** For the merger agreement to be adopted, stockholders holding at least a majority of the aggregate shares of our Common Stock and Class A Common Stock outstanding as of the close of business on the record date, voting as a single class, must vote **FOR** the adoption of the merger agreement.

In connection with the execution of the merger agreement, Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer entered into a voting agreement, dated as of June 12, 2006, with Sedgwick CMS and Merger Corp., in which each of Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer has agreed, among other things, to (i) vote all of their shares of Common Stock and Class A Common Stock in favor of the adoption of the merger agreement, (ii) grant an irrevocable proxy to Sedgwick CMS with respect to all such shares, (iii) not transfer any such shares or any interest in such shares, except to Sedgwick CMS, and (iv) not solicit or participate in any competing proposals for the acquisition of the Company. Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer are the owners of record and have voting control over an aggregate of 80.4% of the outstanding shares of capital stock of the Company. Their shares represent more than the number of votes necessary to adopt the merger agreement at the special meeting even if you and every other stockholder of the Company vote against the proposal. However, if the Board of Directors changes its recommendation in favor of the merger, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer will also be required to adopt the merger agreement. The voting agreement will terminate on the first to occur of (a) the closing of the merger or (b) the termination of the merger agreement in accordance with its terms.

See The Special Meeting Required Vote on page 18 and Other Agreements Entered Into in Connection with the Merger Agreement Voting Agreement on page 79.

- **Material United States Federal Income Tax Consequences.** If you are a U.S. holder of our Common Stock or Class A Common Stock, the merger will be a taxable transaction to you. *You should consult your own tax advisor for a full understanding of how the merger will affect your individual taxes*. See The Merger Material United States Federal Income Tax Consequences on page 56.

- **Appraisal Rights.** Delaware law provides you, as a stockholder, with statutory appraisal rights in the merger. This means that you are entitled to have the fair value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount you receive in an appraisal proceeding may be less or more than, or the same as, the amount you would have received under the merger agreement. To exercise your appraisal rights, you must submit a written demand for appraisal to the Company before the vote is taken on the merger agreement at the special meeting, you must not vote in favor of the adoption of the merger agreement and you must otherwise comply with the applicable requirements of Section 262 of the General Corporation Law of the State of Delaware. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See Appraisal Rights on page 83 and Appendix D Section 262 of the General Corporation Law of the State of Delaware.

- **Related Transactions.** In addition to the merger agreement, the following related transactions have occurred in connection with the Company s formal sale process:

- *Sale of Primrose and the Special Cash Dividend.*

On March 31, 2006, the Company completed its sale of its 91.52% (on a fully diluted basis) interest in its former subsidiary, Primrose Holdings, Inc. (which we refer to herein as Primrose), to an affiliate of American Capital Strategies, Ltd. The aggregate purchase price for the Company s interest in Primrose and those interests in Primrose held by minority stockholders and option holders was approximately $82.8 million, after giving effect to certain adjustments set forth in the definitive stock purchase agreement that related to, among other things, payables owed to the Company and Capital Partners, employee bonuses and transaction costs. The Company received approximately $76.8 million, on a pre-tax basis, for its 91.52% (on a fully diluted basis) interest in Primrose.

In connection with the sale of Primrose, on May 31, 2006 the Board of Directors declared a special cash dividend of $9.04 per share of our Common Stock and Class A Common Stock. The special cash dividend was paid on June 28, 2006 to stockholders of record at the close of business on June 14, 2006. The special cash dividend was paid principally from the net after-tax proceeds of the Primrose sale. See The Merger Related Transactions Sale of Primrose and the Special Cash Dividend on page 49.

- *WC Stock Purchase Agreement.* In order to enable Sedgwick CMS to acquire 100% of the remaining principal subsidiaries of the Company, we have entered into a stock purchase agreement, dated as of June 12, 2006, among us, WC and the WC stockholders and optionholders set forth on Schedule A and Schedule B to the WC stock purchase agreement (which stockholders and optionholders are referred to herein as the WC minority holders), pursuant to which we will acquire all of the outstanding WC shares and options not currently owned by us for an aggregate purchase price of approximately $24.3 million, subject to certain adjustments. The aggregate purchase price was the result of arm s-length negotiations between the Company and the WC minority holders and was calculated primarily based on the percentage of the equity value of the Company attributable to the CompManagement business with certain adjustments to reflect the costs and expenses arising out of our being a public company, including preparing this proxy statement and holding the special meeting of stockholders. It is a condition to the closing of the merger that we acquire such WC shares and options immediately prior to completing the merger (provided that such condition may be waived, in whole or in part, by Sedgwick CMS). See The Merger Related Transactions WC Stock Purchase Agreement on page 49, Footnote 1 to The Merger Agreement Merger Consideration Calculation of $16.46 Figure in the Merger Agreement Calculation of Aggregate Equity Value Payable to the Company s Stockholders on page 61 and Other Agreements Entered Into in Connection with the Merger Agreement on page 77.

- *Voting Agreement.* Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer entered into a voting agreement, dated as of June 12, 2006, with Sedgwick CMS and Merger Corp., in which each of Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer has agreed, among other things, to (i) vote all of their shares of Common Stock and Class A Common Stock in favor of the adoption of the merger agreement, (ii) grant an irrevocable proxy to Sedgwick CMS with respect to all such shares, (iii) not transfer any such shares or any interest in such shares, except to Sedgwick CMS, and (iv) not solicit or participate in any competing proposals for the acquisition of the Company. Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer are the owners of record and have voting control over an aggregate of 80.4% of the outstanding shares of capital stock of the Company. Their shares represent more than the number of votes necessary to adopt the merger agreement at the special meeting even if you and every other stockholder of the Company vote against the proposal. However, if the Board of Directors changes its recommendation in favor of the merger, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer will also be required to adopt the merger agreement. The voting agreement will terminate on the first to occur of (a) the closing of the merger or (b) the termination of the merger agreement in accordance with its terms. See The Merger Related Transactions Voting Agreement on page 50 and Other Agreements Entered Into in Connection with the Merger Agreement on page 77.

- *Indemnification Agreement and Escrow Requirements.* Sedgwick CMS requested that a portion of the merger consideration and a portion of the purchase price payable under the WC stock purchase agreement be placed into escrow to satisfy potential indemnification obligations with respect to certain matters in connection with the formal sale process, including the calculation of the taxes related to the sale of Primrose. In order to make the Company more attractive to Sedgwick CMS, and in an effort to increase the merger consideration payable to all of our stockholders, our majority stockholder and each of the directors and certain of the executive officers of the Company and certain other persons, including the WC minority holders, agreed to provide Sedgwick CMS with such indemnification. CP Acquisition, Brian D. Fitzgerald, FGS, Inc., each of the Company s directors, William R. Schlueter (our chief financial officer and an officer of Capital Partners), Stephen Brown (the chief executive officer of WC) and the WC minority holders entered into an indemnification agreement, dated as of June 12, 2006, pursuant to which such parties have agreed to indemnify Sedgwick CMS with respect to certain matters in connection with the formal sale process and, as security for such indemnification obligations, agreed to have approximately $13 million (approximately $1.76 per share of our Common Stock or Class A Common Stock) otherwise payable to the parties providing indemnification placed into escrow at the time such transactions are closed. Except for certain limited circumstances, the indemnification obligations of the parties providing indemnification are limited to the amounts in escrow. Our public stockholders will not be subject to any such indemnification obligations, and none of the merger consideration payable to the public stockholders will be placed into escrow. Furthermore, in the event that no indemnification claims are made and the full amount of the escrow is returned to the parties providing indemnification, the total consideration to be provided to such parties in respect of their Company shares will not exceed the $16.46 per share (other than any interest on the escrow that is provided by the escrow agent to such parties) payable to our public stockholders. See The Merger Related Transactions Indemnification Agreement and Escrow Requirements on page 51 and Other Agreements Entered Into in Connection with the Merger Agreement on page 77.

• **Share Ownership of Directors, Executive Officers and Certain Beneficial Owners.** As of August 10, 2006, the record date for the special meeting, our directors are beneficial owners of a total of 6,047,632 shares of our Common Stock and Class A Common Stock, representing 82.2% of the shares entitled to vote at the special meeting. As of the close of business on the record date, our directors and executive officers as a group are beneficial owners of a total of 6,117,632 shares, representing 83.1% of the shares entitled to vote. All of these persons have indicated that they intend to vote in favor of the adoption of the merger agreement.

As discussed above, in connection with the execution of the merger agreement, Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer entered into a voting agreement, dated as of June 12, 2006, with Sedgwick CMS and Merger Corp., with respect to their shares of Common Stock and Class A Common Stock.

See The Special Meeting Required Vote on page 18, Security Ownership of Certain Beneficial Owners and Management on page 87 and Other Agreements Entered Into in Connection with the Merger Agreement Voting Agreement on page 79.

• **Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger.** Our majority stockholder, directors and executive officers have interests in the merger that may differ from your interests, including the following:

• CP Acquisition is the record owner of 4,455,672 shares of Class A Common Stock. Capital Partners, FGS Partners, L.P. and FGS, Inc. are the general partners of CP Acquisition. As such, they have an interest in such shares, including the right to receive 20% of the pre-tax profits realized by CP Acquisition as a result of the merger. Certain of our directors and executive officers are owners, executive officers and/or employees of such general partners.

See The Merger Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger CP Acquisition on page 53.

- Capital Partners is the representative of CP Acquisition and manages the Company pursuant to a Second Amended and Restated Advisory Services Agreement, dated as of December 23, 2005, as amended by Amendment No. 1, Amendment No. 2 and Amendment No. 3 (the MAS). Certain of our executive officers are employed by or are owners of Capital Partners. The Board of Directors assigned Capital Partners, and its President and Chief Executive Officer, Brian D. Fitzgerald, the responsibility to manage our formal sale process. Under the MAS, as compensation for such services, Capital Partners is entitled to receive a $2.9 million incentive sales bonus, the value of which is based upon the aggregate per share consideration payable to our public stockholders in connection with the formal sale process (including the merger consideration and the special cash dividend). Capital Partners is also entitled to receive any unpaid portion of its 2006 annual advisory fee in connection with its regular advisory services under the MAS at the time the merger is closed. The terms of the MAS, including the incentive sales bonus, were established through arm s-length negotiations between Capital Partners and the independent members of the Board of Directors and were unanimously approved by our Compensation Committee, our Audit Committee and the full Board of Directors, a majority of the members of which are independent directors. Our independent directors have unanimously determined that the aggregate per share consideration payable to our public stockholders in connection with the formal sale process (including the merger consideration and the special cash dividend) is acceptable for purposes of the payment of the incentive sales bonus. See The Merger Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger Capital Partners on page 53.

- At the effective time of the merger, Capital Partners will also be assuming the Company s headquarters lease in Greenwich, Connecticut. The Company is paying $125,000 to induce Capital Partners (and $750 to the landlord as reimbursement for its expenses in connection with the assignment) to assume the lease. Such lease assignment was entered into at the request of the bidders for the Company (including Sedgwick CMS) in order to make the Company more attractive to bidders. The terms of the lease assignment and related agreements were established through arm s-length negotiations between Capital Partners and the Audit Committee of the Board of Directors. The terms of the lease assignment and related agreements were unanimously approved by the Compensation Committee of the Board of Directors, the Audit Committee of the Board of Directors and the full Board of Directors, a majority of the members of which are independent directors. See The Merger Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger Capital Partners on page 53.

- The merger agreement provides for director and officer indemnification arrangements and insurance coverage for each of our directors and officers that are currently covered by the Company s indemnification arrangements and directors and officers liability insurance policy that will continue for six years following completion of the merger. See The Merger Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger Director and Officer Indemnification and Insurance on page 55.

- In connection with the declaration of the special cash dividend, the Board of Directors, upon the unanimous approval and recommendation of the Compensation Committee, accelerated the vesting of all remaining unvested director and employee options under the Company s 2000 Long-Term Incentive Plan, including options to acquire 52,000 shares of Class A

Common Stock held by certain of our directors and executive officers, to enable such optionees to exercise their options prior to the record date for the special cash dividend. See The Merger Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger Stock Options on page 55.

- CP Acquisition, Brian D. Fitzgerald, FGS, Inc., each of the Company s directors, William R. Schlueter (our chief financial officer and an officer of Capital Partners), Stephen Brown (the chief executive officer of WC) and the WC minority holders entered into an indemnification agreement, dated as of June 12, 2006, pursuant to which such parties have agreed to indemnify Sedgwick CMS with respect to certain matters in connection with the formal sale process and, as security for such indemnification obligations, agreed to have approximately $13 million (approximately $1.76 per share of our Common Stock or Class A Common Stock) otherwise payable to the parties providing indemnification placed into escrow at the time such transactions are closed. Except for certain limited circumstances, the indemnification obligations of the parties providing indemnification are limited to the amounts in escrow. Our public stockholders will not be subject to any such indemnification obligations, and none of the merger consideration payable to the public stockholders will be placed into escrow. Furthermore, in the event that no indemnification claims are made and the full amount of the escrow is returned to the parties providing indemnification, the total consideration to be provided to such parties in respect of their Company shares will not exceed the $16.46 per share (other than any interest on the escrow that is provided by the escrow agent to such parties) payable to our public stockholders. See The Merger Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger Indemnification Agreement and Escrow Requirements on page 55 and Other Agreements Entered Into in Connection with the Merger Agreement on page 77.

- Certain limited partners of CP Acquisition filed a complaint, dated March 29, 2005, against certain of the Company s stockholders, including, Brian D. Fitzgerald, Capital Partners, FGS, Inc. and CP Acquisition. Among other things, the complaint alleged that such stockholders breached the limited partnership agreement among the parties by failing to use their best efforts to wind up the partnership and breached their fiduciary duties to the partnership and the partnership s limited partners by failing to cause the shares of Class A Common Stock held by CP Acquisition to be sold. This complaint was subsequently dismissed without prejudice.

- **No Solicitation of Transaction Proposals; Superior Proposals.** The merger agreement prohibits us, and the voting agreement prohibits Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer, from soliciting and restricts our and their ability to engage in discussions or negotiations with third parties regarding competing proposals for the acquisition of the Company. Notwithstanding these restrictions, if the Board of Directors determines that it is required to do so to comply with its fiduciary duties, the Board may, in response to an unsolicited competing proposal for the acquisition of the Company that is reasonably likely to lead to a superior proposal, engage in discussions or negotiations with third parties so long as Sedgwick CMS is kept informed as to the status of such negotiations and given a chance to make a counter-proposal, or terminate the merger agreement and enter into a definitive agreement with respect to a superior proposal so long as we comply with certain terms of the merger agreement, including paying a termination fee of $5,814,945 to Sedgwick CMS. The voting agreement will terminate on the first to occur of (a) the closing of the merger or (b) the termination of the merger agreement in accordance with its terms. See The Merger Agreement Transaction

Proposals; Superior Proposals on page 71 and The Merger Agreement Termination Fee and Expenses on page 76.

- **Regulatory Approvals.** A Notification and Report Form was submitted to the Federal Trade Commission on June 26, 2006 and to the Antitrust Division of the U.S. Department of Justice on June 27, 2006. Early termination of the waiting period applicable to the completion of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (referred to herein as the HSR Act) was granted effective on July 11, 2006. See The Merger Regulatory Approvals on page 58.

- **Conditions to Closing.** Before we can complete the merger, a number of conditions must be satisfied or waived (to the extent waiver is permitted by law).

The obligation of Sedgwick CMS and Merger Corp. to effect the merger is subject to the satisfaction or waiver by Sedgwick CMS of the following conditions:

- the representations and warranties of the Company set forth in the merger agreement must be true and correct in all respects as of the date of the merger agreement and as of the effective time of the merger (except to the extent that such representations and warranties speak as of another time, in which case such representations and warranties must be true and correct as of such other time), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to materiality or material adverse effect set forth therein) does not have, and would be not reasonably be expected to have, individually or in the aggregate, a material adverse effect;

- the Company must have performed in all material respects all of the covenants and agreements required to be performed by it under the merger agreement at or prior to the closing of the merger;

- the Company must have completed the transactions contemplated by the WC stock purchase agreement in the manner provided for therein;

- concurrently with the closing of the merger, the Company must pay certain transaction-related expenses and terminate the Company s credit agreement (although if the Company does not have sufficient cash to make such payments, simultaneously with the closing Sedgwick CMS is required to make any payments that were not paid by the Company);

- the merger agreement must have been adopted by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock, voting as a single class, and, solely in the event of a stockholder vote after a change of recommendation by the Board, also by the holders of a majority of the shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer;

- all applicable waiting periods (and any extensions thereof) under the HSR Act and any other antitrust laws must have expired or otherwise been terminated (early termination of the waiting period applicable to the completion of the merger under the HSR Act was granted effective on July 11, 2006), and the Company, Sedgwick CMS and Merger Corp. must have received all other authorizations, consents and approvals of all governmental entities (including under any other antitrust laws) in connection with the execution, delivery and performance of the merger agreement and the transactions contemplated thereby (including the merger);

- no temporary, preliminary or permanent restraining order preventing the completion of the merger is in effect;

- Sedgwick CMS must have received copies of the resignations of each director of the Company;

- the Company must have obtained certain required third-party consents to the merger, all of which were obtained prior to the mailing of this proxy statement; and

- the indemnification agreement and escrow agreement must be in full force and effect.

The obligation of the Company to effect the merger is subject to the satisfaction or waiver by the Company of the following conditions:

- the representations and warranties of each of Sedgwick CMS and Merger Corp. set forth in the merger agreement must be true and correct in all respects as of the date of the merger agreement and as of the effective time of the merger (except to the extent that such representations and warranties speak as of another time, in which case such representations and warranties must be true and correct as of such other time), except where the failure of such representations and warranties to be so true and correct does not materially adversely affect the ability of Sedgwick CMS or Merger Corp. to complete the merger and the other transactions contemplated by the merger agreement;

- Sedgwick CMS and Merger Corp. must have performed in all respects all of the covenants and agreements required to be performed by them under the merger agreement at or prior to the closing of the merger, except where the failure to perform such covenants and agreements does not materially adversely affect the ability of Sedgwick CMS or Merger Corp. to complete the merger and the other transactions contemplated by the merger agreement;

- the Company must have delivered to Sedgwick CMS a certificate certifying that the Common Stock and Class A Common Stock are not U.S. real property interests;

- the merger agreement must have been adopted by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock, voting as a single class, and, in the event of a change of recommendation by the Board of Directors, also by the holders of a majority of the shares not held by Brian D. Fitzgerald, FGS, Inc. CP Acquisition and A. George Gebauer;

- all applicable waiting periods (and any extensions thereof) under the HSR Act and any other antitrust laws must have expired or otherwise been terminated (early termination of the waiting period applicable to the completion of the merger under the HSR Act was granted effective on July 11, 2006), and the Company, Sedgwick CMS and Merger Corp. must have received all other authorizations, consents and approvals of all governmental entities (including under any other antitrust laws) in connection with the execution, delivery and performance of the merger agreement and the transactions contemplated thereby (including the merger); and

- no temporary, preliminary or permanent restraining order preventing the completion of the merger is in effect.

See The Merger Agreement Conditions to Closing the Merger on page 73.

- **Termination of the Merger Agreement.** The Company and Sedgwick CMS may mutually agree to terminate the merger agreement at any time prior to the effective time, even after our stockholders have adopted the merger agreement. The merger agreement may also be terminated in certain other circumstances, including:

- by either Sedgwick CMS or the Company, if any governmental entity has issued an order or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by the merger agreement, and such order or other action has become final and nonappealable;

- by either Sedgwick CMS or the Company, if the merger has not occurred on or before September 30, 2006 (in the event that the merger has not occurred on or before September 30, 2006 solely as result of the failure of the Company to have (i) held the special meeting on or before September 30, 2006 and/or (ii) obtained all of the required closing consents, such termination date shall automatically be extended to the fifth business day after the satisfaction of such conditions, except that in no event shall such termination date be extended past October 31, 2006 without mutual written consent);

- by either Sedgwick CMS or the Company, if stockholder approval has not been obtained by reason of the failure to obtain the required vote at the special meeting or at any adjournment or postponement thereof;

- by Sedgwick CMS, if the Board of Directors has effected a change in recommendation or the Company or the Board has breached any of their respective obligations with respect to the no-solicitation provisions of the merger agreement, either intentionally or in a manner that is materially adverse to Sedgwick CMS;

- by Sedgwick CMS, if we have breached our representations and warranties or any covenant or other agreement to be performed by us in a manner such that the closing conditions related thereto would not be satisfied;

- by us, if Sedgwick CMS or Merger Corp. has breached its representations and warranties or any covenant or other agreement to be performed by it in a manner such that the closing conditions related thereto would not be satisfied;

- by Sedgwick CMS, if the WC stock purchase agreement has been terminated or breached by any party thereto (and such breach has not been cured within 10 business days after notice of such breach), such that the closing conditions set forth in the WC stock purchase agreement would not be satisfied; and

- by us, in connection with certain changes by the Board of Directors of its recommendation of the adoption of the merger agreement.

See The Merger Agreement Termination of the Merger Agreement on page 75.

- **Termination Fee and Expenses.** If the merger agreement is terminated:

- under certain circumstances, we may be obligated to pay up to $1,453,736 of the out-of-pocket expenses of Sedgwick CMS, Merger Corp. and their respective affiliates; and

- if certain additional circumstances exist, we may be obligated to pay to Sedgwick CMS a $5,814,945 termination fee (less any termination expenses previously paid to Sedgwick CMS).

See The Merger Agreement Termination Fee and Expenses on page 76.

- **Certain Risks in the Event of Bankruptcy.** If the Company is insolvent at the time of the merger, or becomes insolvent because of the merger, the merger consideration paid to stockholders on completion of the merger may be deemed to be a fraudulent conveyance under applicable law and therefore may be subject to the claims of the Company s creditors. If such claims are asserted by the Company s creditors, there is a risk that persons who were stockholders at the effective time of the merger would be ordered by a court to return to the Company s trustee in bankruptcy all or a portion of the funds received upon the completion of the merger. The merger agreement contains representations and warranties made by Sedgwick CMS and Merger Corp. related to the solvency of the surviving corporation immediately after the effective time of the merger. See The Merger Certain Risks in the Event of Bankruptcy on page 51.

- **Procedure for Receiving Merger Consideration.** As soon as reasonably practicable after the merger becomes effective, a paying agent designated by Sedgwick CMS will mail a form of letter of transmittal and instructions to all of the Company s stockholders of record. The form of letter of transmittal and instructions will tell you how to surrender your Company stock certificates in exchange for the $16.46 per share consideration, without interest. ***You should not return any stock certificates you hold with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.*** See The Merger Agreement Exchange and Payment Procedures on page 64.

- **Market Prices of the Company s Class A Common Stock.** Our Class A Common Stock is listed on the American Stock Exchange under the trading symbol SCC. If the merger is completed, when taken together with the $9.04 per share special cash dividend that we paid on June 28, 2006, our formal sale process will have resulted in our stockholders receiving a total of $25.50 for each share of Common Stock and Class A Common Stock. The closing sale price of our Class A Common Stock on the American Stock Exchange on January 14, 2004, the last trading day before we announced the formation of the Special Committee, was $7.30 per share. The closing sale price of our Class A Common Stock on the American Stock Exchange on July 13, 2004, the last trading day before we announced the $9.00 offer by our majority stockholder to buy all of the outstanding capital stock of the Company not owned by the majority stockholder, was $8.25 per share. The closing sale price of our Class A Common Stock on the American Stock Exchange on June 6, 2005, the last trading day before we announced the switch to the formal sale process and the retention of UBS, was $9.98 per share. The closing sale price of our Class A Common Stock on the American Stock Exchange on December 22, 2005, the last trading day before we entered into the MAS providing for the Capital Partners incentive sales bonus, was $14.29 per share. The closing sale price of our Class A Common Stock on the American Stock Exchange on February 10, 2006, the last trading day before we announced the execution of the Primrose stock purchase agreement, was $15.31 per share. The closing sale price of our Class A Common Stock on the American Stock Exchange on May 30, 2006, the last trading day before we announced the $9.04 special cash dividend, was $22.00 per share (which included the right to the $9.04 special cash dividend). The closing sale price of our Class A Common Stock on the American Stock Exchange on June 12, 2006, the last trading day before we announced the execution of the merger agreement, was $26.76 per share (which included the right to the $9.04 special cash dividend). The closing sale price of our Class A Common Stock on the American Stock Exchange on August 10, 2006, the last trading day before this proxy statement was first given or sent, was $16.31 per share. You are encouraged to obtain current market quotations for the Company Class A Common Stock in connection with voting your shares. See Market Prices of the Company s Class A Common Stock on page 82.

CAUTIONARY STATEMENT CONCERNING
FORWARD-LOOKING INFORMATION

Certain statements contained in this proxy statement regarding the merger and our future operating results, performance, business plans and prospects and any other statements not constituting historical fact are forward-looking statements subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as believe, expect, anticipate, should, will, would, plan, estimate, p outlook, may, predicts, could, or the negative of those words and other comparable expressions are used to identify such forward-looking statements. Such statements are based on management s current expectations and are subject to a number of factors and uncertainties that could cause actual results and events to differ materially from those described in the forward-looking statements.

We believe the following factors related to the merger could cause actual results or events to differ materially from those described in the forward-looking statements:

- the satisfaction of the conditions to the completion of the merger, including the receipt of the required stockholder approval;
- the occurrence of events, changes or other circumstances that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings against us and others that have been or may be instituted following announcement of the merger agreement; and
- the failure of the merger to close for any reason including, among other things, the failure of either the Company or Sedgwick CMS to perform all of the covenants and agreements required to be performed by it under the merger agreement at or prior to the closing of the merger.

We believe the following factors related to our future operating results if the merger is not completed could cause actual results to differ materially from those described in the forward-looking statements:

- future legislative changes which could impact the laws governing workers compensation and medical malpractice insurance in the various states in which the Company s employer cost containment and health services segment operates;
- competitive pressures on prices;
- the diversion of management and employee attention and potential employee attrition as a result of the formal sale process;
- the potential effect on business and customer relationships and potential litigation, brought by Sedgwick CMS or stockholders of the Company, arising from the merger agreement or the transactions contemplated thereby; and
- the restrictions on the conduct of the Company s business prior to the completion of the merger, including restrictions on incurring indebtedness, canceling, modifying, terminating or waiving any material contract or permit, acquiring or selling material assets, repaying bank debt and exceeding the Company s current capital expenditure budget.

All forward-looking statements reflect only our current beliefs and assumptions, and are based solely on information currently available to us. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results or events. These forward-looking statements are made as of the date of this proxy statement and, except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission (the SEC), we assume no obligation to update or revise them or to provide reasons why actual results or events may differ.

THE PARTIES TO THE MERGER

Security Capital Corporation

We are a Delaware corporation with our principal executive offices at Eight Greenwich Office Park, Third Floor, Greenwich, Connecticut 06831. Our telephone number is (203) 625-0770. We operate as a holding company that actively participates in the management of our subsidiaries. We conduct business through our 83.68% (on a fully diluted basis) subsidiary WC. WC, through its wholly owned subsidiary, CompManagement, is a leading independent provider of comprehensive claims management, cost containment and consulting services designed to control the cost to employers of workers compensation, medical malpractice, automobile, general liability, unemployment and short- and long-term disability insurance benefits. WC s activities are primarily centered in Ohio, California, Virginia, Maryland, Texas, Michigan, Florida, Washington, Minnesota and New York.

Sedgwick CMS Holdings, Inc.

Sedgwick CMS is a Delaware corporation with its principal executive offices at 1100 Ridgeway Loop Road, Memphis, Tennessee 38120. Sedgwick CMS s telephone number is (901) 415-7400. Sedgwick CMS is the parent company of Sedgwick Claims Management Services, Inc., a leading provider of innovative claims and productivity management solutions. Sedgwick CMS delivers cost-effective claims administration, managed care, program management and related services to major employers through the expertise of employees located in more than 80 offices in the United States and Canada and specializes in workers compensation; disability, FMLA and other employee absence; and general, automobile and professional liability claims services. The principal equity holders of Sedgwick CMS are Fidelity National Financial, Inc., a New York Stock Exchange-listed company, Thomas H. Lee Partners, L.P. and Evercore Capital Partners. None of the Company, CP Acquisition, Capital Partners or any of their respective directors or executive officers, including Mr. Fitzgerald, is in any way affiliated with Sedgwick CMS or, to their knowledge, any of its principal equity holders.

GOSC Merger Corp.

Merger Corp. is a Delaware corporation and a wholly owned subsidiary of Sedgwick CMS formed in 2006 solely for the purpose of completing the merger with the Company. Merger Corp. has not engaged in any business except in anticipation of the merger. The business address of Merger Corp. is c/o Sedgwick CMS Holdings, Inc., 1100 Ridgeway Loop Road, Memphis, Tennessee 38120. Merger Corp. s telephone number is (901) 415-7400.

THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by the Board of Directors for use at the special meeting of stockholders to be held in Conference Room 39B, 39th Floor, 101 Park Avenue, New York, New York on September 8, 2006, at 9:00 a.m., Eastern Time, or any adjournment or postponement thereof. The purpose of the special meeting is for our stockholders to consider and vote upon a proposal to adopt the merger agreement and to act on such other matters and transact such other business as may properly come before the special meeting or any adjournment or postponement thereof. A copy of the merger agreement is attached to this proxy statement as Appendix A. This proxy statement, the Notice of Special Meeting of Stockholders and the enclosed proxy card are first being given or sent to our stockholders on or about August 11, 2006.

Record Date, Quorum and Voting Power

The holders of record of our Common Stock and Class A Common Stock, treated as one class, as of the close of business on August 10, 2006, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting or any adjournment or postponement thereof. As of the record date, there were 380 shares of our Common Stock issued and outstanding and 7,358,082 shares of our Class A Common Stock issued and outstanding, all of which are entitled to be voted at the special meeting.

Each outstanding share of our Common Stock and Class A Common Stock as of the close of business on the record date entitles the holder to one vote on each matter submitted to stockholders for a vote at the special meeting or any adjournment or postponement thereof. The stockholder vote on all matters at the special meeting will be a vote of the holders of Common Stock and Class A Common Stock treated as one class.

The holders of a majority of the outstanding shares of Common Stock and Class A Common Stock on the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and at any adjournment or postponement thereof. However, if a new record date is set for an adjourned special meeting, then a new quorum would have to be established. Pursuant to the voting agreement, the holders of 80.4% of the outstanding shares of capital stock of the Company are obligated to be present for purposes of determining that a quorum is present at the special meeting. As such, a quorum will be present even if no other stockholder is represented in person or by proxy.

Required Vote

For the merger agreement to be adopted, stockholders holding at least a majority of the shares of our Common Stock and Class A Common Stock outstanding as of the close of business on the record date, voting as a single class, must vote **FOR** the adoption of the merger agreement.

In order for your shares of Common Stock or Class A Common Stock to be included in the vote, if you are a stockholder of record you must submit a proxy for your shares by returning the enclosed proxy card or by voting in person at the special meeting.

If your shares are held in street name by your broker, bank or other nominee you should instruct it how to vote your shares using the proxy submission instructions provided by your nominee. If you have not received such instructions or require further information on instructing your broker, bank or nominee how to vote, contact your nominee who can give you instructions on how to cause your shares to be voted.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Broker non-votes and abstentions will not count as votes cast on the proposal to adopt the merger agreement, but will count for the purpose of determining whether a quorum is present. As a result, abstentions and broker non-votes will have the same effect as a vote against the adoption of the merger agreement.

Voting by Directors, Executive Officers and Certain Record Holders

As of August 10, 2006, the record date for the special meeting, our directors are the beneficial owners of an aggregate of 6,047,632 shares of our Common Stock and Class A Common Stock, representing 82.2% of the shares entitled to vote at the special meeting. As of the close of business on the record date, our directors and executive officers as a group are the beneficial owners of a total of 6,117,632 shares, representing 83.1% of the shares entitled to vote. All of these persons have indicated that they intend to vote in favor of the adoption of the merger agreement.

In connection with the execution of the merger agreement, Brian D. Fitzgerald (our chairman, president and chief executive officer, and the controlling person of our majority stockholder), FGS, Inc., CP Acquisition and A. George Gebauer (our vice chairman and secretary and an officer of Capital

Partners) entered into a voting agreement, dated as of June 12, 2006, with Sedgwick CMS and Merger Corp., in which each of Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer has agreed, among other things, to (i) vote all of their shares of Common Stock and Class A Common Stock in favor of the adoption of the merger agreement, (ii) grant an irrevocable proxy to Sedgwick CMS with respect to all such shares, (iii) not transfer any such shares or any interest in such shares, except to Sedgwick CMS, and (iv) not solicit or participate in any competing proposals for the acquisition of the Company. Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer are the owners of record and have voting control over an aggregate of 80.4% of the shares of the Company. Their shares represent more than the number of votes necessary to adopt the merger agreement at the special meeting even if you and every other stockholder of the Company vote against the merger agreement. However, if the Board of Directors changes its recommendation in favor of the merger, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer will also be required to adopt the merger agreement. The voting agreement will terminate on the first to occur of (a) the closing of the merger or (b) the termination of the merger agreement in accordance with its terms.

See Security Ownership of Certain Beneficial Owners and Management on page 87, The Merger Related Transactions Voting Agreement on page 50 and Other Agreements Entered Into in Connection with the Merger Agreement Voting Agreement on page 79.

Proxies; Revocation

If you submit a proxy for your shares by signing and delivering a proxy card, your shares will be voted at the special meeting in accordance with the instructions given. If no instructions are indicated on your signed proxy card, your shares will be voted **FOR** the adoption of the merger agreement and in accordance with any recommendation of the Board or, in the absence of a recommendation, in the discretion of the proxies named in the enclosed proxy card on any other matter properly brought before the meeting for a vote.

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must either advise our Secretary of the revocation in writing, deliver a new proxy card dated after the date of the proxy you wish to revoke, or attend the special meeting and vote your shares in person. Attendance at the special meeting will not by itself constitute revocation of a proxy.

If you have instructed your broker, bank or other nominee to vote your shares, the above options for revoking your proxy do not apply and instead you must follow the proxy submission instructions provided by your nominee to change your voting instructions.

The Company does not expect that any matter will be brought before the special meeting other than the proposal to adopt the merger agreement. If, however, another matter is properly presented at the special meeting or any adjournment or postponement thereof, the persons named as proxies in the enclosed proxy card will vote the shares in accordance with the recommendation of the Board or, in the absence of such a recommendation, in the discretion of the proxies.

Expenses of Proxy Solicitation

The Company will pay the cost of this proxy solicitation, and we have retained D.F. King & Co., Inc. to assist us in this process for an estimated $10,000, plus expenses. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record. We will solicit proxies by mail and may also solicit them in person or by telephone, e-mail, facsimile or other electronic means of communication.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement. Any adjournment or postponement may be made without notice, other than by an announcement made at the special meeting. The favorable vote of the holders of a majority of the shares of Common Stock and Class A Common Stock, voting as a single class, present in person or represented by proxy and entitled to vote on the adjournment or postponement proposal may adjourn the meeting. Any adjournment or postponement will allow our stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

THE MERGER

Background of the Merger

In January 2004, our Board of Directors began exploring strategic alternatives to maximize value for our public stockholders. The Board was concerned that, due to the lack of liquidity of our Class A Common Stock (resulting from our small public float and lack of market following), the price of our Class A Common Stock did not reflect what the Board viewed as the true value of the Company. The Board was also concerned with the increasing costs of our remaining a public company (including costs to comply with the Sarbanes-Oxley Act).

On January 12, 2004, the Board of Directors authorized the formation of a special committee of the directors (referred to herein as the Special Committee) for the purpose of reviewing various strategic alternatives for the Company to maximize stockholder value and provide liquidity to our public stockholders. The Special Committee, consisting of two independent directors, John H.F. Haskell, Jr. and M. Paul Kelly, was formed on January 14, 2004. The closing sale price of our Class A Common Stock on the American Stock Exchange on January 14, 2004, the last trading day before we announced the formation of the Special Committee, was $7.30. The Special Committee engaged HSC to act as its independent financial advisor and Morris, Nichols, Arsht & Tunnell LLP to act as its independent legal counsel. The Delaware law firm of Richards, Layton & Finger, P.A. also provided guidance to the independent directors of the Board of Directors concerning Delaware law issues.

Beginning in mid-January 2004, the Board of Directors and the Special Committee discussed the growing costs of our operating as a public company (including costs to comply with the Sarbanes-Oxley Act) and the possibility of operating as a privately held company. Over several months, the Special Committee, with the assistance of its independent financial advisor and independent legal counsel, explored various different strategic alternatives for the Company, including remaining independent, a going-private transaction or a leveraged recapitalization and extraordinary dividend.

On July 13, 2004, an offer was made to the Company by a corporation to be formed and owned by Mr. Fitzgerald, Mr. Schlueter, Mr. Gebauer, CP Acquisition, Capital Partners and certain of their affiliates (referred to herein as the Fitzgerald Group) to acquire by merger all of the outstanding capital stock of the Company not owned by the Fitzgerald Group at a price per share of $9.00. The closing sale price of our Class A Common Stock on the American Stock Exchange on July 13, 2004, the last trading day before we announced the offer by the Fitzgerald Group to buy all of the outstanding capital stock of the Company not owned by the Fitzgerald Group, was $8.25 per share.

Between late July and mid-August 2004, discussions occurred between the Fitzgerald Group and HSC, on behalf of the Special Committee, regarding the Fitzgerald Group s offer, including the price and financing thereof. On August 16, 2004, the Fitzgerald Group revised its offer to acquire by merger all of the outstanding capital stock of the Company not owned by the Fitzgerald Group at an increased price per share of $9.65.

Between late July and mid-August 2004, three stockholder actions were filed against the Company, each member of the Board of Directors and CP Acquisition relating to the proposed transaction by the Fitzgerald Group. Each of the complaints alleged that the consideration offered by the Fitzgerald Group in connection with the proposed transaction was unfair, inadequate and not the result of arm s-length negotiations.

On September 8, 2004, the Company received from Robert J. Bossart, Jonathan R. Wagner, Richard T. Kurth, Paul A. Miller and certain other then-members of the senior management team of CompManagement (referred to herein as the CMI Management Team), a subsidiary of the Company, an offer by the CMI Management Team and its equity partners to acquire by merger all of the outstanding shares of capital stock of the Company at a price per share of $10.50.

The Board of Directors held a meeting on September 20, 2004 to discuss, among other things, the stockholder actions and the CMI Management Team offer. Following discussion, the Board of Directors directed the Special Committee to commence negotiations with respect to both the Fitzgerald Group and CMI Management Team offers.

On October 18, 2004, the Company received a revised offer from the Fitzgerald Group to acquire all of the outstanding shares of capital stock not owned by the Fitzgerald Group at a further increased price per share of $10.60.

On October 26, 2004, the Company received a third-party offer from MTN Capital Partners LLC to acquire by merger all of all of the outstanding shares of capital stock of the Company at a price per share of $11.00, subject to certain conditions. On October 26, 2004, the Company also received a revised offer from the CMI Management Team and its equity partners to acquire all of the outstanding capital stock of the Company at a price per share of $10.85.

Between October 2004 and June 2005, the Special Committee s ability to move forward with the process of exploring strategic alternatives and providing a liquidity event for public stockholders was hampered by a number of unforeseen events. Most notably, the Company s management, beginning in July 2004, had to perform various supplemental procedures, and the Audit Committee of the Board of Directors, beginning in November 2004, oversaw an independent internal investigation into certain related-party transactions and conflicts of interest involving certain members of CompManagement management.

The investigation was completed in March 2005, and the results indicated that, while there were certain unauthorized and undisclosed transactional, operational and financial relationships between various entities owned, operated and controlled by certain members of CompManagement s management and CompManagement and its subsidiaries, there were no instances of fraud or financial impropriety that would indicate that the Company s historical financial statements were misstated. CompManagement management had either previously divested its controlling interest or, as a result of the supplemental procedures, divested its controlling interest, in each of these entities. The investigation caused a delay in the filing of the Company s quarterly report on Form 10-Q for the quarter ended September 30, 2004 until March 11, 2005, and set back the Company s work on its financial statements for the year ended December 31, 2004, its annual audit and the filing of its Form 10-K for the fiscal year ended December 31, 2004, which the Company was not able to file until June 28, 2005. Based upon the findings of such investigation, upon the unanimous recommendation of the Audit Committee the employment of Robert J. Bossart and Paul A. Miller, two senior members of CompManagement management, was terminated. The former executives subsequently commenced a civil action claiming that they were not terminated for just cause within the meaning of their employment agreements. On January 3, 2005, Stephen Brown was appointed as the new chief executive officer of WC and William R. Schlueter (our chief financial officer and an officer of Capital Partners) was appointed as the new acting chief financial officer of WC.

During the end of 2004 and the first quarter of 2005, WC considered, evaluated and acquired Caronia Corp. from Continental Casualty Company. The acquisition was completed on March 31, 2005. Caronia Corp. provides third-party claims and risk management services to hospitals and healthcare systems, physician and paraprofessional groups, nursing homes, rehabilitation centers and clinics and became part of the Company s employer cost containment and health services business operated by WC.

Certain limited partners of CP Acquisition filed an action, dated March 29, 2005, against certain of the Company s stockholders (including Brian D. Fitzgerald, FGS, Inc. and CP Acquisition) and Capital Partners. Among other things, the action alleged that such stockholders breached the limited partnership agreement among the parties by failing to use their best efforts to wind up the partnership and breached their fiduciary duties to the partnership and the partnership s limited partners by failing to cause the shares of Class A Common Stock held by CP Acquisition to be sold. This complaint was subsequently dismissed without prejudice.

In April 2005, based upon the resolution of certain corporate uncertainties (including the completion of the investigation and the strengthening of CompManagement s management), the Company s outstanding operating results for 2004 and the Company s substantially improved prospects since the formation of the Special Committee (including as a result of the Caronia acquisition), Brian D. Fitzgerald recommended that the Special Committee and the Board of Directors consider initiating a formal sale process to seek the highest price reasonably obtainable for the sale of the Company. In April 2005, Mr. Fitzgerald opined that, based on such changes, a higher price for the sale of the Company could be obtained through a formal sale process than the earlier offers, including the Fitzgerald Group offer.

In May 2005, the Board of Directors determined, based upon the unanimous recommendation of the Special Committee and presentations from various investment banks, that the best way to maximize value and provide liquidity for our public stockholders was to switch to a formal sale process to solicit third-party bidders to seek the highest price reasonably obtainable for the Company.

At that time, the Fitzgerald Group declared its support for the formal sale process, stated its intention not to be a bidder in the formal sale process and committed to vote its shares of Common Stock and Class A Common Stock in favor of a sale of the Company if appropriate value was achieved in the formal sale process. Such support resulted from Mr. Fitzgerald s view that $16.50 or more per share could be received from the sale of the Company (including Primrose), which was based on presentations from several investment banks to the Board regarding the sale of the Company, historical stock prices and other factors, and such per share amount was in excess of the per share price believed to be obtainable in the Company s then current bidding process, as well as pressure received from CP Acquisition s limited partners to sell the shares of Class A Common Stock owned by CP Acquisition. Since Capital Partners would not be a bidder in the formal sale process, the Board of Directors, with the approval of the Special Committee, assigned Capital Partners, the representative of our majority stockholder and the manager of the Company, and its president and chief executive officer, Brian D. Fitzgerald, the responsibility to manage the formal sale process. At the request of the independent directors, Richards, Layton & Finger, P.A., among other things, participated in the formal sale process and provided guidance to the Board of Directors concerning Delaware law issues, including guidance regarding fiduciary duties of the Board of Directors, conflicts, timing and consideration with respect to the formal sale process.

On June 6, 2005, the Board of Directors retained UBS to assist in the formal sale process. The closing sale price of our Class A Common Stock on the American Stock Exchange on June 6, 2005, the last trading day before we announced the switch to the formal sale process and the retention of UBS, was $9.98 per share.

The Board of Directors authorized UBS to contact potentially interested third parties to solicit indications of interest to acquire the whole company, or acquisitions of the Company s interest in Primrose and CompManagement in separate transactions. UBS subsequently assisted the Company in preparing marketing materials for both operating businesses, Primrose and CompManagement.

On June 9, 2005, the Company received a revised offer from the CMI Management Team and its equity partners to acquire by merger all of the outstanding shares of capital stock of the Company at a price per share of $13.00, subject to certain conditions. The Company decided to consider the revised offer in connection with the formal sale process. UBS invited the CMI Management Team to participate in the formal sale process.

On July 27, 2005, the Board of Directors met to discuss developments to the formal sale process.

From August through October 2005, UBS contacted and sent information about the Company and its operating businesses to 120 potential third-party purchasers (including the CMI Management Team and Fidelity National Financial, Inc.). On September 1, 2005, at a meeting of the Board of Directors, UBS updated the Board on the progress of the formal sale process. On October 24, 2005, at a meeting of the Board of Directors, UBS once again updated the Board on the progress on the formal sale process.

By November 2005, UBS had received 31 initial indications of interest. While the Company preferred a sale to a single buyer, almost all of the potential purchasers were interested only in purchasing either our Primrose business or our CompManagement business. Based on such indications and the subsequent bids, the Board determined that the best way to maximize value and provide liquidity for our public stockholders was to first sell Primrose and then sell the balance of the Company.

Based on the levels of interest expressed for both operating businesses, UBS and the Company arranged for management presentations to the interested parties beginning in October 2005 and extending through November 2005. Fidelity National Financial, Inc. initially declined to participate in the formal sale process.

On or about November 30, 2005, eight of the potential third-party purchasers submitted second-round indications of interest for Primrose. Three of those parties, each a financial buyer, were invited to conduct detailed due diligence. On or about December 2, 2005, six of the potential third-party purchasers submitted second-round indications of interest for CompManagement. Three of those parties, each a financial buyer, were invited to conduct detailed due diligence.

On December 13, 2005, at a meeting of the Board of Directors, UBS updated the Board of Directors on the formal sale process. On January 3, 2006, UBS contacted Fidelity National Financial, Inc. again to gauge its interest in CompManagement after the announcement on December 27, 2005 that Fidelity National Financial, Inc. would acquire an interest in Sedgwick CMS.

From November 2005 through January 2006, representatives of the Company, the potential third-party purchasers and their respective advisors met or spoke on numerous occasions to discuss the potential third-party purchasers interest in the operating businesses of the Company, while various parties engaged in due diligence investigations. Written requests for bids, outlining detailed auction procedures and including draft purchase agreements and disclosure schedules, were distributed to three potential Primrose bidders, requesting that definitive bids be submitted with contract mark-ups by January 18, 2006. Written requests for bids, outlining detailed auction procedures and including draft purchase agreements and disclosure schedules, were distributed to four potential CompManagement bidders, requesting that definitive bids be submitted with contract mark-ups by February 8, 2006. In connection with the distribution of draft purchase agreements to the CompManagement bidders, UBS and Morgan, Lewis & Bockius LLP, the Company s legal advisor, discussed a revised transaction structure with each of the bidders with respect to the sale of CompManagement, whereby in order to avoid a liquidation event after the sale of CompManagement and the double taxation effects related thereto, the Company would be sold through a merger after the completion of the Primrose sale. During this period, the Company entered into stay pay agreements with certain employees of WC and Primrose in an effort to enhance the value of the Company as a whole by retaining key personnel to continue to provide services during the respective pre- and post-closing periods.

On December 23, 2005, the Company and Capital Partners entered into the MAS, providing for an incentive sales bonus to be paid to Capital Partners if the sale of the Company was completed, for advisory services provided by Capital Partners in connection with its management of the formal sale process on behalf of the Company. The targeted value of the incentive sales bonus was $2.0 million, based upon the Board of Directors expectation that our public stockholders could realize an aggregate per share consideration of $16.50 or more in connection with the formal sale process, as determined based on presentations from several investment banks to the Board regarding the sale of the Company (including Primrose), historical stock prices and other factors, plus $100,000 (or a pro rata portion thereof) for each $1.00 by which the aggregate per share consideration exceeded $16.50 per share and, in the event that the aggregate per share consideration was less than $16.50 per share, minus the amount, subject to certain limitations, by which a majority of the Company s independent directors determined that the incentive sales bonus should be reduced (as the aggregate per share consideration is greater than $16.50 per share, such reduction amount was not established by the Company s independent directors); provided, that in order to receive the incentive sales bonus, a majority of our independent directors were required to determine that the aggregate per share consideration is acceptable (our independent directors have unanimously determined that the aggregate per share consideration is acceptable for purposes of the payment of the incentive sales bonus). Such incentive sales bonus was designed to compensate Capital Partners for the additional services it would be providing in connection with the management of the formal sale process, to provide incentives to Capital Partners to achieve for the stockholders of the Company the highest per share consideration reasonably obtainable, and to provide a measure of employment continuation and severance for the employees of Capital Partners whose services on behalf of the Company would cease if the Company were sold. The terms of the MAS, including the incentive sales bonus, were established through arm s-length negotiations between Capital Partners and the independent members of the Board of Directors and were unanimously approved by the Compensation Committee of the Board, the Audit Committee of the Board and the full Board, a majority of the members of which are independent directors. The closing sale price of our Class A Common Stock on the American Stock Exchange on December 22, 2005, the last trading day before we entered into the MAS, was $14.29 per share.

In connection with the final bids, and in order to potentially increase bid prices, UBS offered to provide debt financing to each of the final bidders for CompManagement. Recognizing the potential for a conflict of interest, the Company and UBS agreed that appropriate Chinese wall procedures would be imposed at UBS to preserve the confidentiality of Company information, including the formal sale process, and to confine the relationship that UBS or its affiliates had with potential buyers with respect to the transactions to debt financing, as opposed to financial advisory services. In addition, the Board of Directors decided that it would request that HSC provide fairness opinions in both the Primrose sale and CompManagement sale (if sold in separate transactions), regardless of which bidder ultimately bought the Company, and regardless of whether that bidder had accepted UBS offer of debt financing, and that the incremental costs of such HSC opinions would be minimal after taking into account the credit negotiated by the Board of Directors to the UBS fee if an additional fairness opinion was provided by HSC. Additionally, in connection with the final bids, and in order to maintain a competitive auction by keeping the maximum number of active bidders involved, upon the recommendation of UBS, the Board of Directors approved the reimbursement, subject to certain restrictions, of due diligence costs of certain of the third-party potential purchasers.

On January 18, 2006, three of the third-party bidders, including American Capital Strategies, Ltd., submitted final round bids for Primrose. Prior to a January 21, 2006 Board of Directors meeting, UBS informed the three bidders that the Board of Directors was scheduled to meet to select a lead bidder. On the morning of the Board meeting, two of the bidders, including American Capital Strategies, submitted revised bids that increased the price offered for Primrose and revised the mark-ups to the draft stock purchase agreement to terms more favorable to the Company.

At the January 21, 2006 Board of Directors meeting, UBS and Morgan Lewis reviewed all three of the Primrose bids with the Board of Directors. UBS also provided the Board of Directors with an update on the status of the CompManagement bidding process. At that meeting, the Board of Directors considered whether the Company should agree to sell Primrose irrespective of whether the Company was able to find a buyer for CompManagement and the rest of the Company at an acceptable price. The Board of Directors then discussed the pros and cons of agreeing to sell Primrose even if the remainder of the Company remained public. The Board of Directors first considered what the Company would do with the net after-tax proceeds of the Primrose sale if the Company remained public, including the possibility of an extraordinary cash dividend. The Board also considered the alternative of distributing Primrose to the Company s stockholders in a tax-free spin-off, rather than selling Primrose for cash in a taxable transaction. In addition, the Board considered whether it was feasible for the Company to remain a public company with only the CompManagement line of business. Finally, the Board of Directors was concerned that any decision to seek to sell Primrose separately at this time should be a step towards maximizing value and achieving liquidity for the Company s public stockholders in a sale of the entire Company, rather than hurting that effort by foreclosing any offers that might come in for the Company as a whole. UBS advised the Board that the Company was unlikely to receive any further bids for the Company as a whole in the most recent round of bidding; that the Company had received only one third-party bid for the Company as a whole, for which the portion of the purchase price attributable to Primrose was lower than the Primrose-only bids, and such bidder would not be requested to submit bids in the final round; and that, while additional bidders might surface, they would likely just be for the CompManagement business, not for the whole Company. UBS then advised the Board of Directors that, based upon the Company s formal sale process as of that date of the meeting, it appeared that the best way to maximize value and achieve liquidity for the Company s public stockholders was to sell Primrose separately, even if the rest of the Company were not sold and the Company remained public. Mr. Fitzgerald, on behalf of Capital Partners, concurred in that plan. After a full consideration of all the available alternatives, the Board of Directors determined to seek to sell Primrose first, regardless of whether the Company would later be successful in selling the remainder of the Company; to move towards the execution of the Primrose definitive purchase agreement as soon as possible, even before the final bids for CompManagement and the rest of the Company came in; and to continue to seek to sell the rest of the Company, including CompManagement. In order to address the concern that a bid for the whole Company, including Primrose, could still come in at an overall more favorable price, the Board directed that the Primrose definitive purchase agreement include a fiduciary out permitting the Company to terminate such agreement if a superior offer came in for the Company as a whole prior to the closing of the sale of Primrose.

After the Board of Directors January 21, 2006 meeting, Morgan Lewis began negotiations regarding transaction agreements with counsel to American Capital Strategies and another third-party bidder with respect to the Primrose sale. On January 28, 2006, the Board of Directors met again to be updated on the negotiations and material open matters with respect to the Primrose sale. UBS informed the Board of Directors that significant progress had been made with American Capital Strategies, and that the other bidder was not interested in incurring additional costs in negotiations but would be willing to start negotiations if negotiations with American Capital Strategies were to break down. UBS informed the Board of Directors of the material open issues with American Capital Strategies, including the request by American Capital Strategies for a purchase price adjustment resulting from projected working capital forecasts. UBS stated that American Capital Strategies considered this issue non-negotiable . UBS and the Company s management informed the Board of Directors that, after taking into account the remaining open issues with American Capital Strategies, the price set forth in the revised American Capital Strategies bid was higher than the price set forth in the other party s bid. The Board of Directors, after consultation with UBS and Morgan Lewis, agreed that the Company should go back to American Capital Strategies with one final proposal designed to resolve all open issues.

Negotiations resumed with American Capital Strategies and agreement was reached between the parties with respect to the purchase price adjustment and the other open issues for the sale of Primrose.

On February 9, 2006, the Board of Directors met to consider approval of, among other things, the Primrose purchase agreement and the transactions contemplated thereby. Representatives of HSC reviewed with the Board of Directors HSC s financial analysis of the purchase price payable to the Company in connection with the sale of Primrose. HSC s financial analyses included a discounted cash flow analysis using the Company s management s estimates for Primrose for calendar years 2006 through 2010, and a comparison of certain financial information for Primrose to corresponding financial information for public companies in the same industry as Primrose and that follow a similar franchising business model as Primrose. HSC also analyzed certain information relating to recent acquisitions of companies in the same industry as Primrose. On February 9, 2006, HSC rendered to the Board an oral opinion, which opinion was confirmed by delivery of a written opinion dated February 9, 2006, to the effect that, as of that date and based upon and subject to the assumptions made, procedures followed, matters considered and limitations described in its opinion, the purchase price to be received by the Company for its 91.52% (on a fully diluted basis) interest in Primrose was fair, from a financial point of view, to the Company and our stockholders.

After hearing presentations from its legal and financial advisors and carefully considering the matter, the Board of Directors unanimously approved and adopted the Primrose stock purchase agreement and authorized the Company to enter into the Primrose stock purchase agreement. In addition, at the February 9, 2006 meeting, UBS provided the Board of Directors with an update on the status of the CompManagement sale process, and the Board expanded the WC stay pay plan to include an additional employee.

Following execution and delivery of the Primrose stock purchase agreement, the transaction was publicly announced on February 10, 2006. The closing sale price of our Class A Common Stock on the American Stock Exchange on February 10, 2006, the last trading day before we announced the execution of the Primrose stock purchase agreement, was $15.31 per share.

In January and February 2006, the third-party bidders for CompManagement continued to perform their due diligence. On January 20, 2006, Sedgwick CMS submitted an indication of interest to acquire 100% of CompManagement for an enterprise value of $205 million in cash (on a debt free/cash free basis and without taking into account the transaction fees and costs related to the sale and fees and costs related to the acquisition by the Company from the WC minority holders of their WC shares and options) and was invited to conduct due diligence. As a result of the timing of the entry into a stock purchase agreement for the sale of Primrose (and the inclusion of Sedgwick CMS in the formal sale process), the original February 8, 2006 submission date for final bids related to the sale of CompManagement was extended to February 15, 2006. On February 15, 2006, four of the third-party bidders (including Sedgwick CMS) submitted final bids for CompManagement.

At a February 22, 2006 Board of Directors meeting, UBS and Morgan Lewis reviewed all four of the bids for CompManagement with the Board. UBS informed the Board of Directors that UBS had communicated to each bidder where its bid was generally in relation to the other bidders. Capital Partners and UBS informed the Board of Directors that the bid package, including purchase price, financing commitments and the mark-up to the draft merger agreement, from Sedgwick CMS was the most favorable to the Company. UBS noted that Sedgwick CMS was the only bidder that was not considering using debt financing offered by UBS. After such Board meeting, Sedgwick CMS increased its proposed purchase price from $205 million to $206 million (on a debt free/cash free basis and without taking into account the transaction fees and costs related to the sale and fees and costs related to the acquisition by the Company from the WC minority holders of their WC shares and options).

Between the end of February and mid-April 2006, the Company worked with Sedgwick CMS towards completing its diligence and began merger negotiations with respect to the acquisition by Sedgwick CMS of 100% of CompManagement. In order to enable Sedgwick CMS to acquire 100% of CompManagement, the Company proposed to enter into a stock purchase agreement to acquire all of the outstanding WC shares and options owned by the WC minority holders.

In connection with the proposed merger, Sedgwick CMS also requested that certain holders of the Company s outstanding Common Stock and Class A Common Stock (including CP Acquisition and Brian D. Fitzgerald) enter into a voting agreement with Sedgwick CMS and Merger Corp., pursuant to which such stockholders would, until the termination of the merger agreement, agree to (i) vote all of their shares of Common Stock and Class A Common Stock in favor of the adoption of the merger agreement, (ii) grant an irrevocable proxy to Sedgwick CMS with respect to all such shares, (iii) not transfer any such shares or any interest in such shares, except to Sedgwick CMS, and (iv) not solicit or participate in any competing proposals for the acquisition of the Company. The specified stockholders agreed to enter into such voting agreement. In connection with the proposed merger, Sedgwick CMS also requested that a portion of the merger consideration and a portion of the purchase price payable under the WC stock purchase agreement be placed into escrow to satisfy potential indemnification obligations with respect to certain matters in connection with the formal sale process, including the calculation of the taxes related to the sale of Primrose. Our majority stockholder and each of the directors and certain of the executive officers of the Company agreed to provide Sedgwick CMS with such indemnification in order to make the Company more attractive to Sedgwick CMS and in an effort to increase the merger consideration payable to all of the stockholders. Finally, at the request of various bidders (including Sedgwick CMS), Capital Partners agreed to retain the Company s obligations under the lease for its headquarters in Greenwich Connecticut. Capital Partners did so in an effort to increase the merger consideration payable to all of the stockholders as the bidders had expressed that they did not intend to use the premises after the closing of the proposed transaction and viewed such lease as a factor reducing the value of the Company.

On March 9, 2006, the Company entered into a settlement agreement and release with Robert J. Bossart and Paul A. Miller to resolve the litigation between the parties relating to the termination of the employment of Robert J. Bossart and Paul A. Miller by the Company. UBS informed the Board of Directors that the settlement of the lawsuit would likely make the Company more attractive to Sedgwick CMS and the other bidders by removing this potential liability. In addition to resolving the litigation between the parties, the former executives agreed not to compete with CompManagement and its subsidiaries or solicit their employees and customers for three years, and further agreed not to disclose trade secrets and other confidential information of CompManagement and its subsidiaries. Additionally, in the event of a change of control of the Company or WC, each of the former executives was granted the right to sell his shares in WC, and the Company was granted the right to require the former executives to sell their respective shares in WC. Pursuant to such settlement, and as consideration for such non-competition restrictions, the Company is required to pay Messrs. Bossart and Miller collectively $1,780,257, a portion of which was paid at the time of the settlement and the remainder of which will be paid at the closing of the merger.

On March 31, 2006, the Company completed the sale of its interest in Primrose to an affiliate of American Capital Strategies. The Company received approximately $76.8 million, on a pre-tax basis, for its 91.52% (on a fully diluted basis) interest in Primrose.

On April 24, 2006, Sedgwick CMS reduced its proposed purchase price for the balance of the Company from $206 million to $185 million (on a debt free/cash free basis, and without taking into account the transaction fees and costs of the sale and fees and costs related to the acquisition by the Company from the WC minority holders of their WC shares and options), based on the findings of its due diligence, and included certain material adverse change clauses in its mark-up to the merger agreement that were beyond the Company s direct control. On April 30, 2006, the Board of Directors held a meeting to discuss the revised Sedgwick CMS offer and alternatives to a transaction with Sedgwick CMS that were available to the Company, including going back to the other bidders, taking the Company private, recapitalizing the Company or pursuing a dividend yield strategy to support a higher continuing stock price while returning profits to stockholders. The Board of Directors also discussed the payment of a special cash dividend to provide liquidity to the Company s public stockholders funded principally from the net after-tax proceeds from the sale of Primrose. The Board of Directors directed management to explore the distribution of a special cash dividend, and directed UBS and Capital Partners to continue negotiations with Sedgwick CMS to see whether Sedgwick CMS would improve its offer.

UBS and Capital Partners continued to negotiate with Sedgwick CMS and, on May 9, 2006, Sedgwick CMS submitted a revised offer of $191.5 million (on a debt free/cash free basis and without taking into account the transaction fees and costs related to the sale and fees and costs related to the acquisition by the Company from the WC minority holders of their WC shares and options). On May 11, 2006, the Board of Directors held a meeting to discuss Sedgwick CMS revised offer and the possibility of declaring a special cash dividend. In addition, the Board of Directors extended the termination date for the WC stay pay bonus plan from June 1, 2006 to September 30, 2006. UBS informed the Board of Directors that the price set forth in Sedgwick CMS revised offer was higher than the prices set forth in the other bids submitted for the Company.

During May 2006, representatives of the Company negotiated the merger agreement, the voting agreement, the WC stock purchase agreement, the indemnification agreement and certain other related agreements with representatives of Sedgwick CMS. On May 17 through May 19, 2006, representatives of the Company and its financial and legal representatives met with representatives of Sedgwick CMS and its legal representatives at the offices of Morgan Lewis in New York. Negotiations continued with respect to the merger agreement and the indemnification agreement, including, among other things, the calculation of the net after-tax proceeds of the sale of Primrose. During these meetings, the Company informed Sedgwick CMS of its intent to declare a special cash dividend to be paid to the Company s stockholders.

Concurrently with the negotiations between the Company and Sedgwick CMS, representatives of the Company continued to negotiate with representatives of the WC minority holders concerning the WC stock purchase agreement and the indemnification agreement. These negotiations involved, among other things, the request by Sedgwick CMS that certain of the WC minority holders enter into non-compete and non-solicit agreements in connection with the merger and the treatment of Primrose-related matters in the indemnification agreement.

On May 11, 2006, the MAS was amended to extend the date by which Capital Partners could earn the incentive sales bonus form June 30, 2006 to September 30, 2006. The May 11 amendment was unanimously approved by our Compensation Committee, our Audit Committee and the full Board of Directors, a majority of the members of which are independent directors.

On May 22, 2006, the Board of Directors held a meeting to discuss the status of negotiations with Sedgwick CMS and to further discuss the potential special cash dividend. At the meeting, UBS and Capital Partners updated the Board on the status of such negotiations.

On May 31, 2006, after a meeting of the Board of Directors, and in an effort to provide our stockholders with some liquidity while the Company continued to pursue the sale of the balance of the Company, the Company announced that the Board of Directors had declared a special cash dividend of $9.04 per share of Common Stock and Class A Common Stock. The closing sale price of our Class A Common Stock on the American Stock Exchange on May 30, 2006, the last trading day before we announced the special cash dividend, was $22.00 per share. The $9.04 special cash dividend was paid on June 28, 2006 to stockholders of record at the close of business on June 14, 2006. The special cash dividend was paid principally from the net after-tax proceeds of the Company s sale of its 91.52% (on a fully diluted basis) interest in Primrose, which closed on March 31, 2006.

In connection with the declaration of the special cash dividend, the Board of Directors, upon the approval and recommendation of the Compensation Committee, accelerated the vesting of all remaining unvested employee and director options to purchase 104,008 shares of our Class A Common Stock (52,000 of which were held by certain of the Company s officers and directors), subject to the requirement that any shares acquired upon exercise of such options may not be sold by the optionee until the earlier of the original vesting date of the accelerated options or the sale of the Company. All such options have been exercised. In all cases, the options had exercise prices that were less than the merger consideration.

Representatives of all of the parties continued negotiations during June 2006. On June 7, 2006, representatives of the Company and its financial and legal representatives met with certain of the WC minority holders and their respective financial and legal representatives at the offices of Morgan Lewis in New York to discuss the remaining issues in the Company s acquisition of the WC minority holders shares and options in WC. Negotiations continued with respect to the WC stock purchase agreement and the indemnification agreement, including, among other things, the consideration, if any, to be paid to certain of the WC minority holders in connection with the non-competition and non-solicitation restrictions requested by Sedgwick CMS and the allocation of certain types of potential indemnification claims to the WC minority holders.

Negotiations continued and compromises were reached between the WC minority holders and the Company, whereby certain of the WC minority holders who were managers of WC would be entitled, in lieu of receiving stay pay bonuses, to receive at the closing of the merger approximately $933,000, in the aggregate, as consideration for certain non-solicitation and non-competition restrictions in the WC stock purchase agreement. Additional compromises were reached between the Company and Sedgwick CMS with respect to the remaining open items, including the calculation of the purchase price and the calculation of the termination fee under the merger agreement.

On June 12, 2006, the MAS was further amended to clarify that, for purposes of calculating the incentive sales bonus, the per share consideration includes the aggregate dollar value per share to be received by the Company s stockholders in connection with the merger, without regard to any amount placed in escrow or used to satisfy indemnification claims, and the aggregate dollar value per share of the special cash dividend. The June 12 amendment was unanimously approved by our Compensation Committee, our Audit Committee and the full Board of Directors, a majority of the members of which are independent directors.

On June 12, 2006, the Board of Directors met to consider approval of, among others, the merger agreement, the WC stock purchase agreement and the transactions contemplated by those agreements. At the meeting, UBS and Capital Partners updated the Board of Directors on the events that had occurred since the previous board meeting. Morgan Lewis and Richards, Layton & Finger, P. A. reviewed with the Board of Directors the updated, final terms of the merger agreement (and the related agreements) and further discussed the Board s fiduciary duties. Also, at this meeting, UBS presented to the Board of Directors various financial analyses and rendered to the Board of Directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated June 12, 2006, to the effect that, as of that date and based upon and subject to various assumptions, matters considered and limitations described in its opinion, the $16.46 per share consideration to be received in the merger was fair, from a financial point of view, to the holders of Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent that they are holders of Common Stock and Class A Common Stock). Also at this meeting, HSC presented to the Board of Directors various financial analyses and rendered to the Board an oral opinion, which opinion was confirmed by delivery of a written opinion dated June 12, 2006, to the effect that, as of that date and based on and subject to the various assumptions made, procedures followed, matters considered and limitations described in the opinion, the $16.46 per share consideration to be received in the merger was fair, from a financial point of view, to the holders of Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent that they are holders of Common Stock and Class A Common Stock). Following discussion, the Board of Directors unanimously approved the merger agreement with Sedgwick CMS for the sale of the balance of the Company, including our 83.68% (on a fully-diluted basis) interest in the CompManagement business, in all respects and declared the merger and the merger agreement advisable, fair to and in the best interests of the Company and its stockholders and resolved to recommend that the Company s stockholders adopt the merger agreement.

Following execution and delivery of the merger agreement and the other transaction documents, the execution of the merger agreement was publicly announced on June 12, 2006. The closing sale price of our Class A Common Stock on the American Stock Exchange on June 12, 2006, the last trading day before we announced the execution of the merger agreement, was $26.76 per share (which included the right to the $9.04 special cash dividend).

If the merger is completed, each share of Common Stock and Class A Common Stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive $16.46 in cash, without interest. If the merger is completed, when taken together with the $9.04 per share special cash dividend that that was paid on June 28, 2006 in connection with the Primrose sale, our formal sale process will have resulted in our stockholders receiving, in the aggregate, $25.50 for each share of Common Stock or Class A Common Stock.

On June 21, 2006, the Company received a purported class action complaint, styled *The Pennsylvania Avenue Funds, on behalf of itself and all others similarly situated v. Security Capital Corporation, Brian D. Fitzgerald, A. George Gebauer, Samuel B. Fortenbaugh III, John H.F. Haskell, Edward W. Kelley, Jr., M. Paul Kelly and Robert M. Williams,* filed in the Superior Court of the State of Connecticut on June 19, 2006. The complaint names the Company and all of its directors as defendants (collectively, the defendants), and was filed by a purported stockholder of the Company. The complaint alleges, among other things, that (a) the defendants breached and/or aided the other defendants breaches of their fiduciary duties of loyalty, due care, independence, good faith and fair dealing in connection with the merger contemplated by the merger agreement; (b) the defendants breached their fiduciary duty to secure and obtain the best price reasonable under the circumstances for the benefit of the Company s stockholders; (c) the defendants are engaging in self-dealing, conflicts of interest and unjust enrichment in connection with the management-led buyout of the Company; and (d) the consideration payable to the Company s stockholders in connection with the merger is unfair and inadequate. The complaint seeks, among other relief, (i) an injunction prohibiting the defendants from consummating the merger unless and until the Company adopts and implements a procedure or process to obtain the highest possible price for stockholders and (ii) the imposition of a constructive trust upon any benefits improperly received by the defendants as a result of the alleged self-dealing, conflicts of interest and unjust enrichment. As discussed elsewhere in this proxy statement, the merger is not a management-led buyout, none of our directors or executive officers and no person known to us to have beneficial ownership of more than 5% of our Common Stock or Class A Common Stock has an ownership interest in Sedgwick CMS, Merger Corp. or, to their knowledge, any of their respective principal equity holders, and no such person will have an ownership interest in Sedgwick CMS, the surviving corporation or, to their knowledge, any of their respective principal equity holders following the merger or will be employed or retained in any capacity following the merger by Sedgwick CMS, the surviving corporation or any of their respective affiliates. The Company believes that the complaint is without merit and intends to vigorously defend this matter.

Reasons for the Merger

The Board of Directors has unanimously approved the merger agreement in all respects and declared the merger agreement advisable, fair to and in the best interests of the Company and its stockholders. In the course of reaching its decision to approve the merger agreement, the Board of Directors consulted with the Company s financial and legal advisors and considered a number of factors that it believed supported its decision, including the following:

- The formation, on January 14, 2004, of an independent Special Committee to explore strategic alternatives to maximize stockholder value because (i) the price of our Class A Common Stock was not representative of the value of the Company, (ii) our Class A Common Stock lacked liquidity (resulting from our small public float and lack of market following) and (iii) the increasing costs of our remaining a public company (including costs to comply with the Sarbanes-Oxley Act).

- The merger is more favorable to the Company s public stockholders than any other strategic alternatives that were explored by the Company and the Special Committee, including remaining independent, a going-private transaction or a leveraged recapitalization and extraordinary dividend, as well as the risks and uncertainties associated with these alternatives. In addition, the Board of Directors determined in May 2005 to switch to a formal sale process upon the unanimous recommendation of the Special Committee, which had determined that a formal sale process represented the best possibility to maximize stockholder value because of both internal and external improvements, including the resolution of certain corporate uncertainties (including the completion of the investigation and the strengthening of CompManagement management), the Company s outstanding operating results for 2004 and the Company s substantially improved prospects since the formation of the Special Committee (including as a result of the Coronia acquisition).

- Capital Partners managed the formal sale process on behalf of the Company, and the Company engaged UBS in June 2005 to assist with such process. UBS and Capital Partners explored a formal sale process involving either a single transaction for the sale of the Company as a whole, or separate transactions for the sale of Primrose followed by the sale of the remainder of the Company. The formal sale process was publicly announced and inclusive. In total, 120 financial and strategic potential buyers were initially provided with information regarding the Company, and various potential buyers were reimbursed for a portion of their due diligence expenses so that they would remain as potential buyers in the formal sale process. After receiving the final round of bids for Primrose, the Company s Board determined that the best way to maximize value for the Company s stockholders was to sell Primrose and the remainder of the Company in separate transactions.

- UBS and Capital Partners were provided incentives to conduct the formal sale process in a manner designed to maximize value for the Company s stockholders, as a significant portion of the compensation to be received by UBS and Capital Partners is payable in the form of incentive fees that are directly tied to the closing of the merger and the amount of merger consideration payable to our public stockholders. Certain employees of CompManagement are incentivized to work towards the completion of the merger and work with Sedgwick CMS after the completion of the merger, and as a result will receive stay pay bonuses if the merger is completed.

- At the request of the independent directors, the Company retained the Delaware law firm of Richards, Layton & Finger, P.A., which, among other things, participated in the formal sale process and provided guidance to the Company s Board concerning Delaware law issues, which included guidance regarding fiduciary duties of the Board of Directors, matters concerning the Special Committee, conflicts, timing and consideration with respect to the formal sale process.

- The Board of Directors was actively involved in the formal sale process, having held 15 meetings to monitor the formal sale process, and having received full disclosure throughout the formal sale process. In addition, with respect to matters concerning compensation, the Compensation Committee of the Board of Directors reviewed, acted unanimously and submitted such matters to the Board of Directors, and, with respect to conflicts of interest and accounting and financial reporting processes, the Audit Committee of the Board of Directors reviewed, acted unanimously and submitted such matters to the Board of Directors. Furthermore, at all times, the Board of

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Directors, including the independent members of the Board, acted unanimously with respect to decisions concerning the formal sale process.

- The formal sale process has been both lengthy and publicized, and UBS has advised the Company that no third-party offered a higher price than Sedgwick CMS for WC and the balance of the Company.

- The Company has obtained the highest price per share for WC and the balance of the Company that Sedgwick CMS is willing to pay.

- The merger consideration is all cash, which provides certainty of value to the Company stockholders and immediate liquidity.

- Sedgwick CMS and its principal equity holders, Fidelity National Financial, Inc., Thomas H. Lee Partners, L.P. and Evercore Capital Partners, have the reputation, resources and financial capability necessary to complete the merger, and Fidelity National Financial, Inc., Thomas H. Lee Partners, L.P. and Evercore Capital Partners have a history of completing similar transactions.

- The Company s employees have expended significant expense, time and attention to attempt to complete the formal sale process, including the merger, leaving them with less time to devote to the Company s operations, consideration of potential acquisitions and other strategic relationships, and other aspects of the Company s businesses during the pendency of the transaction. As a result, the value of the Company may have suffered, making the Company less valuable if the merger agreement is not adopted and making it unlikely that the Company will be able to obtain a higher price from a third party.

- The historical market price of our Class A Common Stock, including the fact that the recent share price has reflected the Company s announcement that the Board of Directors was considering a sale of the Company.

- The consideration to be received by the Company s stockholders in the transaction is not less than the Board of Directors view of the value of the Company.

- The presentations given by UBS and HSC, and UBS and HSC s separate opinions that, as of June 12, 2006 and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described in the opinions, the $16.46 per share consideration to be received by the holders of Common Stock and Class A Common Stock of the Company (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent they are a stockholder of the Company) was fair, from a financial point of view, to such holders.

- The terms and conditions of the merger agreement, including (i) the conditions to the closing of the merger, (ii) the ability of the Company under certain conditions to consider unsolicited alternative business combination proposals, (iii) the ability to terminate the agreement under certain conditions, and (iv) the termination fee payable upon certain events, are fair and in the best interests of the Company and its stockholders.

- Support for the merger has been expressed by the Company s controlling stockholders, as indicated by the voting agreement. In addition, as a result of the Company s relationship with Capital Partners, certain affiliates of Capital Partners and certain other parties have agreed to enter into the indemnification agreement and, as security for such indemnification obligations, agreed to have approximately $13 million (approximately $1.76 per share of our Common Stock or Class A Common Stock) otherwise payable to the parties providing indemnification, including approximately $10.4 million otherwise payable to Company s principal stockholders, placed into escrow at the time the merger is closed and Capital Partners has agreed to assume the Greenwich, Connecticut lease, both of which were requested by Sedgwick CMS and benefit the non-affiliated stockholders of the Company.

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- Support for the merger has been expressed by the minority holders of WC common stock and options, many of whom are members of the CompManagement management team, as indicated by the WC stock purchase agreement, the indemnification agreement and the escrow agreement.

- The availability of appraisal rights for the Company stockholders who properly exercise their statutory appraisal rights.

- The consideration offered by Sedgwick CMS was the highest price reasonably obtainable through the formal sale process.

- The merger agreement is fair to and in the best interests of the Company and all of its stockholders.

The Board of Directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

- The interests of the Company s management and controlling stockholders in the merger and the timing of the merger. The interests of the Company s management and controlling stockholders in the other strategic options investigated by the Company and the Special Committee and the switch to the formal sale process. The interests of the Company s management and controlling stockholders in the assignment of the Greenwich, Connecticut lease. The interests of the Company s management in a portion of the proceeds to be received by the Company s controlling stockholder in the merger. Under the terms of the voting agreement (which will terminate upon the termination of the merger agreement), a majority of the holders of Class A Common Stock have agreed to vote their respective Common Stock and Class A Common Stock for the adoption of the merger agreement, all of which may deter others from proposing an alternative transaction that may be more advantageous to our stockholders.

- Under the terms of the merger agreement, (i) neither the Company nor the controlling stockholders can solicit other acquisition proposals and (ii) the Company must pay a termination fee if the merger agreement is terminated under certain circumstances. If the Board of Directors changes its recommendation in favor of the merger, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer will also be required.

- The restrictions on the conduct of the Company s business prior to the completion of the merger, including restrictions on (i) changing its certificate of incorporation or bylaws, (ii) declaring dividends, (iii) issuing, selling, reclassifying or splitting any capital stock, (iv) incurring indebtedness, (v) changing accounting methods, principles or practices, (vi) changing director, officer or employee compensation or benefits, (vii) cancelling, modifying, terminating or waiving any material contract or permit, (viii) changing its tax elections, (ix) acquiring or selling material assets, (x) granting liens or security interests, (xi) repaying bank debt, (xii) entering into contracts in excess of $250,000, (xiii) entering into contracts granting a third party exclusive rights in a Company asset, (xiv) exceeding its current capital expenditure budget, (xv) taking certain actions with respect to its intellectual property, (xvi) liquidating, dissolving, restructuring, recapitalizing or reorganizing, (xvii) failing to keep insurance policies in effect and (xviii) entering into agreements to do the foregoing.

- The possibility that the value of the consideration to be received by the Company s stockholders could have diminished prior to the closing as a result of an increase in the estimated costs of conducting the special meeting of the stockholders or an increase in the amount of the Company s outstanding indebtedness between the signing of the merger agreement and the mailing of this proxy statement.

- As part of the formal sale process, UBS offered to provide the bidders with debt financing, creating a potential conflict of interest with UBS (although the Company and UBS agreed that appropriate

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Chinese Wall procedures would be imposed to preserve the confidentiality of Company information, and Sedgwick CMS did not accept the debt financing offered by UBS).

- The Company will be required to pay approximately $3,470,000 of additional fees to UBS if the merger is completed. (UBS has also already earned $1,000,000 in fees in connection with the sale of Primrose and $750,000 in connection with delivery of its fairness opinion).

- If the merger is completed, the Company will be required to pay (i) $2,900,000 in fees to Capital Partners with respect to the Capital Partners incentive sales bonus and (ii) $125,750 with respect to the assignment of the Greenwich, Connecticut lease, of which $125,000 will be paid to Capital Partners.

- Through the exercise of options granted under the Company s 2000 Long-Term Incentive Plan, certain directors and executive officers of the Company have recently purchased shares of Class A Common Stock for less than the merger consideration.

- If the merger is completed, the Company will be required to pay approximately $2,250,000 in stay pay bonuses to employees of CompManagement and its subsidiaries.

- Certain members of WC management will receive approximately $933,000 in the aggregate in exchange for non-competition and non-solicitation agreements (although these members of WC management are waiving their right to stay pay bonuses in connection with the payment for the non-competition and non-solicitation agreements).

- Gains from the all-cash merger are taxable to the Company s stockholders for U.S. federal income tax purposes.

- The risks and costs that the merger might not be completed in a timely manner or at all, including the diversion of management and employee attention, potential employee attrition, the potential effect on business and customer relationships and potential litigation, brought by Sedgwick CMS or stockholders of the Company, arising from the merger agreement or the transactions contemplated thereby.

- If the merger agreement is terminated under certain circumstances, the Company is required to pay Sedgwick CMS a $5,814,945 termination fee less any termination expenses previously paid to Sedgwick CMS.

The foregoing discussion summarizes the material factors considered by the Board of Directors in its consideration of the merger agreement. After considering these factors, the Board of Directors concluded that the positive factors relating to the merger agreement and the merger outweighed the negative factors. In view of the wide variety of factors considered by the Board of Directors, the Board of Directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual directors may have assigned different weights to various factors. The Board unanimously approved the merger agreement in all respects and declared the merger agreement advisable, fair to and in the best interests of the Company and its stockholders and recommends that the stockholders adopt the merger agreement based upon the totality of the information presented to and considered by it.

Recommendation of the Board of Directors

After careful consideration, the Board of Directors, by unanimous vote:

- has approved the merger agreement in all respects and declared the merger agreement advisable, fair to and in the best interests of the Company and its stockholders; and

- recommends that you vote **FOR** the adoption of the merger agreement.

Opinion of UBS Securities LLC

UBS acted as a financial advisor to the Company s Board of Directors in connection with the merger. On June 12, 2006, UBS delivered to the Company s Board of Directors its written opinion to the effect that, as of that date and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the $16.46 per share in cash (the per share consideration) to be received by the holders of our Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent they are holders of our Common Stock and Class A Common Stock) in the merger was fair, from a financial point of view, to such holders.

The full text of UBS written opinion, dated as of June 12, 2006, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS, is attached as Appendix B and is incorporated by reference in this proxy statement. UBS opinion is directed only to the fairness, from a financial point of view, to the holders of our Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent they are holders of our Common Stock or Class A Common Stock) of the per share consideration to be received by such holders, and does not address any other aspect of the merger or any related transaction. UBS opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available to us or our underlying business decision to effect the merger or any related transaction, including the agreement to purchase the shares of common stock of WC not owned by us and our payment of a special cash dividend to our stockholders in an amount equal to $9.04 per share prior to the consummation of the merger. UBS opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote or act with respect to the merger agreement or any related transaction. The holders of Common Stock and Class A Common Stock are urged to read UBS opinion carefully in its entirety. The summary of UBS opinion below is qualified in its entirety by reference to the full text of UBS opinion.

In arriving at its opinion, UBS has, among other things:

- reviewed certain publicly available business and historical financial information relating to the Company;

- reviewed certain internal financial information and other data relating to the business and financial prospects of the Company that were provided to it by the Company and not publicly available, including financial forecasts and estimates prepared by the management of the Company;

- conducted discussions with members of the senior management of the Company concerning the business and financial prospects of the Company;

- reviewed publicly available financial and stock market data with respect to certain other companies UBS believed to be generally relevant;

- compared the financial terms of the merger with the publicly available financial terms of certain other transactions UBS believed to be generally relevant;

- reviewed a draft of the merger agreement dated June 12, 2006; and

- conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

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At our request, UBS contacted third-parties to solicit indications of interest in a possible transaction with us and held discussions with certain of these parties prior to the date of UBS opinion.

In connection with its review, with the consent of the Board of Directors, UBS did not assume any responsibility for independent verification of any of the information reviewed by UBS for the purpose of its opinion and, with the consent of the Board, UBS relied on such information being complete and accurate in all material respects. In addition, with the consent of the Board, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of the Company, nor was UBS furnished with any such evaluation or appraisal. With respect to the financial forecasts and estimates referred to above, UBS assumed, at the Company s direction, that they had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company as to the future performance of the Company. At the direction of the Board, UBS assumed that there were no material assets of the Company other than WC, and UBS relied on the Company s calculation of the after-tax proceeds from the sale of Primrose. UBS opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to UBS as of, June 12, 2006.

UBS was not asked to, and it did not, offer any opinion as to the material terms of the merger agreement (other than the per share consideration to be received by holders of our Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent they are holders of our Common Stock or Class A Common Stock) in the merger to the extent specified in such opinion), the indemnification agreement or the WC stock purchase agreement or the form of the merger or any related transaction. In rendering its opinion, UBS assumed, with the consent of the Board of Directors, that the final executed form of the merger agreement did not differ in any material respect from the draft that UBS examined, Sedgwick CMS and the Company would comply with all the material terms of the merger agreement and the merger would be consummated in accordance with the terms of the merger agreement without any adverse waiver or amendment of any material term or condition thereof. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any material adverse effect on the Company and/or the merger. In addition, UBS assumed that the special cash dividend would be paid as planned, and UBS expressed no opinion as to the fairness of the special cash dividend or the transactions contemplated by the WC stock purchase agreement to the Company, our stockholders or any other persons. Except as described above, the Company imposed no other limitations on UBS with respect to the investigations made or procedures followed by UBS in rendering its opinion.

In connection with rendering its opinion to the Board of Directors, UBS performed a variety of financial and comparative analyses, which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the analysis of selected public companies and the analysis of selected precedent transactions summarized below, no company or transaction used as a comparison is either identical or directly comparable to the Company, Sedgwick CMS or the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying UBS analyses and opinion. None of the analyses performed by UBS was assigned greater significance or reliance by UBS than any other. UBS arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

UBS did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support UBS opinion.

The forecasts and estimates provided by the Company of the future performance of the Company in or underlying UBS analyses are not necessarily indicative of future results or values, which may be significantly less or more favorable than those forecasts and estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond our control. Estimates of the financial value of companies do not necessarily purport to be appraisals or to reflect the prices at which companies actually may be sold.

The per share consideration to be received by holders of our Common Stock and Class A Common Stock in the merger was determined through negotiation between the Company and Sedgwick CMS, and the decision for the Company to enter into the merger agreement was solely that of the Board of Directors. UBS opinion and financial analyses were only one of many factors considered by the Board in its evaluation of the merger and should not be viewed as determinative of the views of the Board or management with respect to the merger or the per share consideration to be received by holders of our Common Stock and Class A Common Stock in the merger.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the Board in connection with UBS opinion relating to the merger. The financial analyses summarized below include information presented in tabular format. In order to fully understand UBS financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS financial analyses.

Analysis of Selected Companies

UBS reviewed and compared selected financial information for the Company with corresponding financial information and multiples of the following selected publicly held companies in the third-party administrator/business process outsourcing, or TPA/BPO, and managed care industries:

TPA/BPO

- Affiliated Computer Services, Inc.
- MAXIMUS, Inc.
- Crawford & Company

Managed Care

- Coventry Health Care, Inc.
- CorVel Corporation

Although none of the selected companies was directly comparable to the Company, the companies involved were chosen because they are publicly traded companies with certain businesses, end markets and operations that, for purposes of analysis, could be considered similar to certain businesses, end markets and operations of the Company.

UBS reviewed the total enterprise values of the selected companies as a multiple of revenue and earnings before interest, taxes, depreciation and amortization, or EBITDA, for calendar year 2005 and estimated calendar years 2006 and 2007. Enterprise value is the value of common equity, calculated using the per share price and diluted shares outstanding, plus the book value of net debt, calculated as total debt less cash and cash equivalents, plus the book value of minority interests. Enterprise value for the Company also includes transaction fees and expenses and certain tax liabilities relating to the sale of Primrose. Financial data for the selected companies were based on publicly available information, including SEC filings and median estimates provided by the Institutional Brokerage Estimate System, or IBES (a data service that compiles estimates issued by securities analysts), available as of the date of UBS opinion. Financial data for the Company were provided by the Company s management. UBS calculated the multiples of the selected companies using the public trading market closing price on June 9, 2006, and the multiples of the Company using the public trading market closing price on May 26, 2006, the last date prior to a 46% increase in price in the two trading days leading up to the announcement of the special cash dividend, and the per share consideration to be received by holders of the Company s Common Stock and Class A Common Stock in the merger. This analysis indicated the following high, mean, median and low enterprise value multiples for the selected companies and the multiples derived from the Company s public trading market closing price on May 26, 2006 (adjusted for the $9.04 special cash dividend) and from the per share consideration to be received by holders of the Company s Common stock and Class A Common Stock in the merger:

	Total Enterprise Value as a Multiple of:		
	2005 Revenue	Estimated 2006 Revenue	Estimated 2007 Revenue
Multiples for Selected Companies			
High	1.42 x	1.24 x	1.14 x
Mean	0.93 x	0.88 x	0.93 x
Median	0.87 x	0.94 x	0.98 x
Low	0.39 x	0.44 x	0.60 x
Multiples for the Company			
AMEX Closing Price on May 26, 2006	0.99 x	0.89 x	0.82 x
Per Share Consideration	1.42 x	1.28 x	1.18 x

	Total Enterprise Value as a Multiple of:		
	2005 EBITDA	Estimated 2006 EBITDA	Estimated 2007 EBITDA
Multiples for Selected Companies			
High	9.8 x	8.7 x	7.7 x
Mean	7.8 x	7.4 x	6.6 x
Median	7.0 x	7.0 x	6.3 x
Low	6.0 x	6.6 x	5.9 x
Multiples for the Company			
AMEX Closing Price on May 26, 2006	6.7 x	6.4 x	5.6 x
Per Share Consideration	9.6 x	9.2 x	8.0 x

Analysis of Selected Transactions

UBS reviewed and compared selected financial information for the Company with corresponding financial information and multiples in the following selected merger and acquisition transactions in the TPA/BPO and managed care industries announced since 2001:

Date Announced	Target	Acquiror
TPA/BPO		
March 8, 2006	SOURCECORP, Incorporated	Apollo Management, L.P.
February 27, 2006	Broadspire Services Inc. and Broadspire Management Services Inc. s Disability Unit	Aetna Inc.
December 27, 2005	Sedgwick CMS Holdings	Fidelity National Financial, Inc.
September 15, 2005	The BISYS Group, Inc. (Information Services Group)	Open Solutions Inc.
July 21, 2005	Technical Management, Inc.	Perot Systems Corporation
March 22, 2005	The First American Corporation (CIG)	First Advantage Corporation
July 11, 2003	EDS Credit Union Industry Group	Fiserv, Inc.
June 24, 2003	Factual Data Corp.	Kroll, Inc.
April 3, 2003	Insurance Management Solutions Group, Inc.	Fiserv, Inc.
May 16, 2002	AFSA Data Corporation	Affiliated Computer Services, Inc.
Managed Care		
August 3, 2005	Beech Street Corporation	Concentra Operating Corporation
September 2, 2003	Health Net Employer Services, Inc.	First Health Group Corp.
October 25, 2001	National Healthcare Resources, Inc.	Concentra, Inc.
May 21, 2001	CCN Managed Care, Inc. (HCA Parent)	First Health Group Corp.
March 30, 2001	Core, Inc.	Fortis, Inc.

Although none of the selected transactions nor the companies involved in them was directly comparable to the merger or the Company, the transactions were chosen because they involved companies with certain businesses, end markets and operations that, for purposes of analysis, could be considered similar to certain businesses, end markets and operations of the Company.

UBS reviewed the total enterprise values in the selected transactions as a multiple of revenue and EBITDA for the latest 12 months publicly reported prior to the announcement of the respective transaction. Financial data for the companies in the selected transactions were based on each target company s most recent quarterly SEC filings or other publicly disclosed information as of the respective announcement dates and for the Company were based on financial data for the 12 months ended March 31, 2006. UBS calculated the multiples of the selected transactions using the publicly disclosed information as of the respective announcement dates, and the multiples of the Company using the public trading market closing price on May 26, 2006 and the per share consideration to be received by holders of the Company s Common Stock and Class A Common Stock in the merger. This analysis indicated the following high, mean, median and low enterprise value multiples in the selected transactions and the multiples derived from the Company s public trading market closing price on May 26, 2006 (adjusted for the $9.04 special cash dividend) and from the per share consideration to be received by holders of the Company s Common Stock and Class A Common Stock in the merger:

	Total Enterprise Value as a Multiple of:	
	Latest 12 Months Revenue	**Latest 12 Months EBITDA**
Multiples for Selected Transactions		
High	2.5x	14.4x
Mean	1.6x	9.0x
Median	1.6x	8.1x
Low	0.8x	6.0x
Multiples for the Company		
AMEX Closing Price on May 26, 2006	1.0x	6.4x
Per Share Consideration	1.4x	9.1x

Discounted Cash Flow Analysis

UBS performed a discounted cash flow analysis using the Company s projections for the period from July 1, 2006 through December 31, 2010 (the projection period), adjusted for the WC minority holders interest and the $9.04 special cash dividend. UBS calculated the implied present values of free cash flows for the Company for the projection period using discount rates ranging from 15.0% to 19.0%. UBS calculated the terminal value for the Company using multiples ranging from 6.5x to 8.5x 2010 terminal year projected EBITDA. The terminal values were then discounted back to June 30, 2006 using discount rates ranging from 15.0% to 19.0%. The calculations of the implied present values of cash flows during the projection period plus the implied present values of the terminal values was summed by UBS to arrive at implied enterprise values. Implied equity values were calculated by UBS as the implied enterprise values less book value of net debt estimated by the Company s management as of June 30, 2006. Implied values per share of our Class A Common Stock and Common Stock were calculated based on the diluted shares of our Class A Common Stock and Common Stock provided by our management. The analysis resulted in implied values per share of our Class A Common Stock and Common Stock ranging from $12.86 to $18.99.

Other Factors

In rendering its opinion, UBS also reviewed and considered other factors, including:

- certain transaction-related events, including the publicly announced formal sale process, the solicitation and evaluation of bids received by the Company and the discussions and negotiations with Sedgwick CMS;

- the historical price performance and trading volumes between June 9, 2004 and June 12, 2006 for our Class A Common Stock; and

- the fact that the sum of the per share consideration to be received by holders of the Company s Common Stock and Class A Common Stock in the merger plus the special cash dividend of $9.04 per share represented a discount of 4.7% to the closing sale price of our Class A Common Stock on the American Stock Exchange on June 12, 2006 and represented premiums of 30.7% to the closing sale price on May 26, 2006, 35.9% to the closing sale price on May 9, 2006, four weeks prior to the date of UBS opinion, and 65.0% to the closing sale price on February 11, 2006, the day we announced the execution of the Primrose stock purchase agreement.

Miscellaneous

UBS has acted as financial advisor to the Board of Directors in connection with the merger and will receive a fee for its services, a portion of which was payable upon delivery of UBS opinion and a significant portion of which is contingent upon completing the merger. In addition, the Company has agreed to reimburse UBS for its reasonable out-of-pocket expenses, including fees, disbursements and other charges of its counsel, and to indemnify UBS and related parties against liabilities relating to, or arising out of, its engagement.

The Company selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions and is familiar with the Company and its business. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

In the past, UBS and its affiliates have provided investment banking services to the Company and Fidelity National Financial, Inc. and other affiliates of Sedgwick CMS, including in connection with the sale of Primrose, for which UBS and its affiliates received compensation. In the ordinary course of business, UBS and its successors and affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of the Company and/or Fidelity National Financial, Inc. and its affiliates and, accordingly, may at any time hold a long or short position in such securities.

Opinion of Hill Street Capital LLC

HSC acted as financial advisor to the Company s Board of Directors in connection with the merger. At the request of the Board, HSC rendered its opinion to the Board that, as of June 12, 2006 and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described in the opinion, the $16.46 per share in cash (the nominal consideration) to be received by the holders of our Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent that they are holders of Common Stock and Class A Common Stock) pursuant to the merger agreement, was fair, from a financial point of view, to such holders.

The full text of HSC s opinion, dated as of June 12, 2006, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by HSC, is attached as Appendix C and is incorporated by reference in this proxy statement. HSC s opinion is directed only to the fairness, from a financial point of view, of the nominal consideration to be received by the holders of Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent that they are holders of Common Stock and Class A Common Stock) in the merger, and does not address any other aspect of the merger. Holders of Common Stock and Class A Common Stock are urged to read HSC s opinion carefully. This summary is qualified in its entirety by reference to the full text of the opinion.

At the time HSC s opinion was delivered on June 12, 2006, the Company had informed HSC that, prior to the closing date, the Company will have paid a special cash dividend to its stockholders in an amount equal to $9.04 per share. The special cash dividend was paid on June 28, 2006. At the direction of the Board of Directors, HSC assumed that each holder of a Company stock option will have exercised such Company stock options on or prior to the record date for the special cash dividend. All of such options were so exercised. HSC assumed, with the consent of the Board, that the Company and the other parties to the merger agreement will comply with all the terms of the merger agreement (without waiver, modification or amendment in any material respect) and other agreements entered into in connection therewith.

HSC s opinion did not address the relative merits of the merger as compared to other business strategies or transactions that might be available to the Company, or the Company s underlying decision to effect the merger. HSC was neither asked to, nor did it, offer any opinion as to the terms of the merger agreement (other than the nominal consideration to be received by holders of the Company s Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent they are a stockholder of the Company) in the merger to the extent specified in such opinion) or the form of the merger. HSC expressed no opinion with respect to any potential adjustment to the nominal consideration set forth in the merger agreement (of which there was none). HSC expressed no opinion with respect to the special cash dividend or the terms of the WC stock purchase agreement, the indemnification agreement or any other ancillary agreement, including with respect to any effect of such agreements on the nominal consideration to be received by the holders of Common Stock and Class A Common Stock in the merger. HSC was not engaged to opine and did not opine with respect to any legal, accounting or tax effects of the merger, including as to the tax structure of the merger.

In arriving at its opinion, HSC, among other things:

- reviewed certain publicly available business and historical financial information of the Company;
- monitored the formal sale process;
- reviewed certain internal financial information and other data relating to the business and financial prospects of the Company, including estimates and financial forecasts of the Company prepared by its management, that were provided to HSC by or on behalf of the Company and not publicly available;
- conducted discussions with members of senior management of the Company concerning the past and current business operations, financial condition and financial prospects of the Company;
- compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded and reviewed the financial terms of certain recent business combinations in the Company s industry;
- reviewed the merger agreement; and
- conducted such financial studies, analyses and investigations, and considered such other information, as HSC deemed necessary or appropriate.

In connection with its review, with the consent of the Board of Directors, HSC did not assume any responsibility for independent verification of any of the information provided to or reviewed by HSC for the purpose of its opinion and relied, with the consent of the Board, on such information being complete and accurate in all material respects. In addition, HSC did not make any independent evaluation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company, nor was HSC furnished with any such evaluation or appraisal. With respect to the estimates and financial forecasts referred to above, HSC was advised by the Company s management, and assumed, that such estimates and financial forecasts were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the Company s management as to those matters, and that such forecasts will be realized in the amounts and time periods contemplated thereby. HSC also assumed that the Company owned no material assets other than its interest in WC. In addition, HSC also assumed that all governmental, regulatory or other consents and approvals necessary for the completion of the merger will be obtained without any adverse effect on the Company or the expected benefits of the merger. Finally, HSC assumed that the merger will be completed in accordance with the terms set forth in the merger agreement (after satisfaction and not waiver of the conditions to the closing of the merger).

HSC s opinion is based on economic, monetary, market and other conditions as in effect on, and the information made available to them as of, June 12, 2006. HSC assumed no responsibility to update or revise its opinion based upon circumstances or events occurring after June 12, 2006.

HSC acted as financial advisor to the Board in connection with the merger and received a monthly retainer for its services. HSC also received a fee in connection with its opinion, 50% of which was payable at the time of the request by the Company s Board for HSC s opinion and the other 50% of which was payable at the time the opinion was delivered. In addition, the Company has agreed to reimburse HSC for its reasonable out-of-pocket expenses, including reasonable fees and disbursements of its counsel, and to indemnify HSC for certain liabilities and other items arising out of its engagement.

The Company selected HSC as its financial advisor in connection with the merger because of HSC s experience in mergers and acquisitions, its familiarity with the Company and its business and its ability to offer independent advice to the Company and the Board of Directors.

HSC previously acted as financial advisor to the Company s Board in connection with the evaluation of the sale by the Company of Primrose for which it received a fee. In connection with that engagement, HSC delivered a fairness opinion. HSC has also served in the past as a financial advisor to the Special Committee.

The following is a brief summary of the material financial analyses performed by HSC in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by HSC. The order of analyses described below does not represent the relative importance or weight given to those analyses by HSC. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of the financial analyses of HSC. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before June 12, 2006 and is not necessarily indicative of current market conditions.

Discounted Cash Flow Analysis

HSC performed a discounted cash flow analysis using the Company s management estimates for WC, the Company s sole remaining operating segment, for calendar years 2006-2010. HSC calculated the present values of the Company s unlevered, after-tax, free cash flows for the second, third and fourth quarters of 2006 and calendar years 2007 through 2010 using discount rates ranging from 14.0% to 18.0%. HSC calculated the estimated terminal value for WC by multiplying its calendar year 2010 estimated earnings before net interest, income taxes, depreciation and amortization (EBITDA) by selected multiples ranging from 6.0x to 8.0x. WC s estimated EBITDA included adjustments by the Company s management to exclude certain one-time and extraordinary items and was further adjusted by HSC to include estimated corporate selling, general and administrative (SG&A) costs. The terminal values were then discounted to the present using discount rates ranging from 14.0% to 18.0%. HSC summed the present value of the unlevered, after-tax free cash flows and the present value of the terminal values to arrive at implied enterprise values. Implied equity values were calculated by HSC as the implied enterprise values *less* (i) certain estimated transaction expenses and contractual obligations of the Company *less* (ii) estimated indebtedness, *plus* (iii) the estimated present value of certain tax assets of WC *less* (iv) the equity share of the WC minority holders *less* (v) certain tax adjustments and estimated expenses associated with the special meeting of the stockholders. In each case, such estimates were provided by the Company s management or calculated using financial data provided to HSC by the Company. Implied equity values per share of the Company s Common Stock and Class A Common Stock were calculated based on the fully diluted shares of the Company s Common Stock and Class A Common Stock outstanding provided by the Company s management. This analysis resulted in implied enterprise values ranging from $146.1 million to

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$204.1 million, implied equity values ranging from $84.5 million to $133.0 million and implied equity values per fully diluted Company share ranging from $11.48 to $18.07.

Selected Public Trading Comparables Analysis

HSC reviewed and compared certain financial information for WC to corresponding financial information, ratios and public market multiples for the following selected publicly traded managed care organizations (MCOs), TPAs, professional employer organizations (PEOs) and other business services companies:

Large Cap MCOs/PEOs:

- Coventry Health Care, Inc.
- Administaff Inc.

Small Cap MCOs/TPAs:

- Crawford & Company
- CorVel Corporation

Business Services Companies:

- Accenture Ltd.
- Manpower Inc.
- Hewitt Associates Inc.
- Resources Connection Inc.
- Labor Ready Inc.
- Korn/Ferry International
- Cross Country Healthcare Inc.
- Heidrick & Struggles International Inc.

HSC calculated and compared financial information and various financial market multiples and ratios of the selected companies based on information it obtained from SEC filings, certain publicly available research analysts estimates and other publicly available information. The multiples and ratios of the selected companies were calculated using closing stock prices on June 9, 2006, the last trading day before HSC rendered its opinion. The financial information, multiples and ratios of WC were based on SEC filings of the Company and the Company s management estimates.

With respect to WC and each of the selected companies, HSC calculated and compared:

- enterprise value (EV), as a multiple of latest 12 months (LTM) and estimated calendar years 2006 and 2007 sales;
- EV as a multiple of LTM and estimated calendar year 2006 and 2007 EBITDA;

- the ratio of the price per share to the LTM and estimated calendar year 2006 and 2007 earnings per share;
- the five-year forecasted earning per share compound annual growth rate; and

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- LTM EBITDA margins, calculated by dividing the applicable company s EBITDA by its sales for such period.

For the selected companies, EV was calculated as total market capitalization plus debt, plus minority interest and preferred stock, less cash and cash equivalents. For the Company, HSC assumed an EV equal to $191.5 million, which was the enterprise value bid by Sedgwick CMS and accepted by the Company in the formal sale process (the Bid Implied EV). For the purposes of comparing the ratio of the price per share to earnings per share, HSC assumed a price per share of Common Stock and Class A Common Stock calculated on the basis of the aggregate equity proceeds upon the sale of the Company before certain transaction-related deductions. In each case, estimates of such transaction-related expenses and other adjustments were provided to HSC by the Company s management. For the selected companies and WC, LTM refers to the latest 12 month period available from the most recently publicly available financial information as of June 12, 2006. WC s LTM and estimated 2006 and 2007 EBITDA included adjustments by the Company s management to exclude certain one-time and extraordinary items and was further adjusted by HSC to include estimated corporate SG&A costs.

The results of these analyses are summarized in the following table:

	EV/Sales			**EV/EBITDA**			**P/EPS**		
	LTM (x)	**2006E (x)**	**2007E (x)**	**LTM (x)**	**2006E (x)**	**2007E (x)**	**LTM (x)**	**2006E (x)**	**2007E (x)**
Large Cap MCOs/PEOs Companies									
Mean	0.99	0.86	0.77	11.4	10.5	8.8	23.2	20.4	16.7
Small Cap MCOs/TPAs Companies									
Mean	0.62	NA	NA	8.0	NA	NA	23.4	26.4	NA
Business Services Companies									
Mean	1.04	1.02	0.92	9.7	8.9	7.9	20.3	19.0	16.3
Median	1.03	0.98	0.90	9.6	8.6	7.6	19.8	18.3	16.1

HSC applied ranges of selected multiples described above to corresponding data of WC. Implied equity values were calculated by HSC as the implied EV after application of the selected multiple *less* (i) certain estimated transaction expenses and contractual obligations of the Company *less* (ii) estimated indebtedness *plus* (iii) the estimated present value of certain tax assets of WC *less* (iv) the equity share of the WC minority holders *less* (v) certain tax adjustments and estimated expenses associated with the special meeting of the stockholders. In each case, such estimates were provided by the Company s management or calculated using financial data provided to HSC by the Company. This analysis indicated an implied equity value per share reference range for the Company of $13.37 to $18.64.

Although the selected companies were used for comparison purposes, no business of any selected company was either identical or directly comparable to WC. Accordingly, HSC s comparison of the selected companies to WC and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and of WC.

Selected Precedent Transactions Analysis

HSC analyzed certain information relating to the following selected transactions in the Company s industry:

Target	Acquiror
Sedgwick CMS	Evercore Capital Partners, Fidelity National Financial, Inc., Thomas H. Lee Partners, L.P.
Caronia Corp.	Octagon Risk Services, Inc. (a subsidiary of WC)
First Health Group Corp.	Coventry Health Care, Inc.
Trover Solutions, Inc.	Tailwind Capital Partners
Octagon Risk Services, Inc.	CompManagement (a subsidiary of WC)
Health Net Employer Services, Inc.	First Health Group Corp.

HSC used financial data included in SEC filings and other publicly available information to calculate the multiples and ratios of the selected transactions. Although the selected transactions were used for comparison purposes, none of the selected transactions nor any of the companies involved in them was either identical or directly comparable to the merger, the Company, WC or Sedgwick CMS. Accordingly, HSC s comparison of the selected transactions to the merger and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected transactions and of the merger.

For each of the selected transactions, HSC calculated the resulting EV as a multiple of LTM EBITDA. HSC then compared the mean and median of the multiples derived from the selected transactions to the corresponding financial data of WC. WC s LTM EBITDA included adjustments by the Company s management to exclude certain one-time and extraordinary items and was further adjusted by HSC to include estimated corporate SG&A costs. The mean of the EV multiples derived from the selected transactions was 6.8 times LTM EBITDA. The median of the EV multiples derived from the selected transactions was 6.0 times LTM EBITDA. WC s Bid Implied EV was 8.3 times WC s LTM EBITDA, which HSC noted exceeded both the mean and median of the EV/LTM EBITDA multiples derived from the selected transactions.

Other Factors

In rendering its opinion, HSC also reviewed and considered other factors, including:

- certain transaction-related events, including the publicly announced formal sale process, the solicitation and evaluation of bids received by the Company and the discussions and negotiations with Sedgwick CMS; and

- the historical price performance and trading volumes for the two-year period prior to June 12, 2006 for our Class A Common Stock.

Miscellaneous

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth herein, without considering the analyses as a whole, could create an incomplete view of the processes underlying the opinion.

HSC believes that its analyses and the summary above must be considered as a whole and that selecting portions of its analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the of the processes underlying HSC s analyses and opinion. HSC did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support HSC s opinion. In arriving at its fairness determination, HSC considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, HSC made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

HSC prepared the analyses described herein for purposes of providing its opinion to the Company s Board of Directors as to the fairness, as of June 12, 2006, from a financial point of view, of the nominal consideration to be received by the holders of Common Stock and Class A Common Stock (other than the parties providing indemnification and Sedgwick CMS and its affiliates to the extent that they are holders of Common Stock and Class A Common Stock) in the merger. These analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. HSC s analyses were based upon Company management and other third-party forecasts of future results that are not necessarily indicative of actual future results, which may be significantly less or more favorable than suggested by HSC s analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors and events beyond the control of the parties or their respective advisors, none of the Company, HSC or any other person assumes responsibility if future results are materially different from those forecasted by the Company s management. Except as described above, the Company imposed no limitations on HSC with respect to the investigations made or procedures followed by HSC in rendering its opinion.

As described above, the opinion of HSC to the Company s Board of Directors was one of many factors taken into consideration by the Company s Board of Directors in making its determination to approve the merger agreement. HSC was not asked to, and did not, recommend the specific consideration payable in the merger, which consideration was determined through negotiations between the Company and Sedgwick CMS. The summary contained herein does not purport to be a complete description of the analyses performed by HSC in connection with its fairness opinion and is qualified in its entirety by reference to the written opinion of HSC, attached as Appendix C.

Certain Effects of the Merger

If the merger agreement is adopted by the Company s stockholders and certain other conditions to the closing of the merger are either satisfied or waived, Merger Corp. will be merged with and into the Company, with the Company being the surviving corporation. As a result of the merger, the separate corporate existence of Merger Corp. will cease, and the Company will continue as the surviving corporation and a wholly owned subsidiary of Sedgwick CMS.

Following the merger, all outstanding securities of the Company will be owned by Sedgwick CMS. When the merger is completed, each share of Common Stock and Class A Common Stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive $16.46 in cash, without interest. At the effective time of the merger, the Company s stockholders will cease to have ownership interests in the Company or rights as stockholders of the Company. Therefore, the current stockholders of the Company will not participate in any future earnings or growth of the Company and will not benefit from any appreciation in value of the Company.

Our Class A Common Stock is currently registered under the Securities Exchange Act of 1934 (referred to herein as the Exchange Act) and is listed on the American Stock Exchange under the symbol SCC . As a result of the merger, the Class A Common Stock will cease to be listed on the American Stock Exchange, and there will be no public market for the Class A Common Stock. In addition, registration of the Class A Common Stock under the Exchange Act will be terminated, and the Company will no longer be required to file periodic reports with the SEC on account of its Class A Common Stock.

When the merger becomes effective, the current directors of Merger Corp. will be the directors of the surviving corporation, and David A. North, Jr., James B. Wiertelak, Donald W. Burkett and Paul J. Posey, Jr., each of whom is an officer of Sedgwick CMS, will be the initial officers of the surviving corporation, each to hold office until the earlier of his successor being duly elected and qualified or his death, resignation or removal. See The Merger Agreement Directors and Officers on page 65.

The certificate of incorporation of the Company as the surviving corporation will be amended as a result of the merger to be the same as the certificate of incorporation of Merger Corp. as in effect immediately prior to the merger, except that Article I of the certificate of incorporation of the surviving corporation will provide that the name of the surviving corporation will be Security Capital Corporation , and except that the provisions of the certificate of incorporation of Merger Corp. relating to the incorporation of Merger Corp. will be omitted. The bylaws of Merger Corp., as in effect immediately prior to the merger, will be the bylaws of the surviving corporation until thereafter amended in accordance with the Delaware General Corporation Law (the DGCL), the certificate of incorporation of the surviving corporation and such bylaws. See The Merger Agreement Certificate of Incorporation and Bylaws on page 65.

The benefit of the merger to our stockholders is the right to receive $16.46 in cash, without interest, for each share of Common Stock and Class A Common Stock. The principal detriments are that our stockholders will cease to participate in our future earnings and growth, if any, and that their receipt of payment for their shares generally will be a taxable transaction for United States federal income tax purposes. See The Merger Material United States Federal Income Tax Consequences on page 56.

Under the terms of the merger agreement, all rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the effective time (including rights for advancement of expenses) now existing in favor of the current or former directors or officers of the Company or any of its subsidiaries (including, solely for these purposes, Primrose and its subsidiaries) as provided in their respective certificate of incorporation or bylaws (or comparable organizational documents) will survive the merger and will continue in full force and effect in accordance with their terms. See The Merger Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger Director and Officer Indemnification and Insurance on page 55.

Effects on the Company and Our Stockholders If the Merger Is Not Completed

In the event that the merger agreement is not adopted by the Company s stockholders or if the merger is not completed for any other reason, the Company s stockholders will not receive any payment for their shares in connection with the merger. Instead, the Company will remain an independent public company, and its Class A Common Stock will continue to be listed and traded on the American Stock Exchange and registered under the Exchange Act. In that event, we expect that management will operate the business generally in a manner similar to that in which it is being operated today, and that the Company s stockholders will continue to be subject to the same general risks and opportunities as they currently are, including, among other things, economic and market conditions.

Accordingly, if the merger is not completed, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares of Common Stock and Class A Common Stock. From time to time, the Board of Directors will evaluate and review, among other things, the business, operations, properties and capitalization of the Company, make such changes as are deemed appropriate and continue to seek to identify strategic alternatives to maximize stockholder value. If the merger agreement is not adopted by the Company s stockholders or if the merger is not completed for any other reason, there can be no assurance that any other transaction acceptable to the Company will be offered, or that the business, or results of operations, financial condition and prospects of the Company will not be adversely impacted.

The Company s employees have expended significant expense, time and attention to attempt to complete the formal sale process, including the merger, leaving them with less time to devote to the Company s operations, consideration of potential acquisitions and other strategic relationships, and other aspects of the Company s businesses during the pendency of the transaction. As a result, the value of the Company may have suffered, making the Company less valuable if the merger agreement is not adopted and making it unlikely that the Company will be able to obtain a higher price from a third party.

In addition, there are other risks and costs if the merger is not completed in a timely manner or at all, including potential employee attrition, the potential effect on business and customer relationships and potential litigation, brought by Sedgwick CMS or stockholders of the Company, arising from the merger agreement or the transactions contemplated thereby. Finally, if the merger agreement is terminated under certain circumstances, the Company will be obligated to pay up to $1,453,736 of the out-of-pocket expenses of Sedgwick CMS and Merger Corp., and if certain additional circumstances exist, the Company will be obligated to pay to Sedgwick CMS a $5,814,945 termination fee (less any termination expenses previously paid to Sedgwick CMS). For a description of the circumstances triggering payment of the termination fee and expenses, see The Merger Agreement Termination Fee and Expenses on page 76.

Related Transactions

Sale of Primrose and Special Cash Dividend

On March 31, 2006, we completed our sale of our 91.52% (on a fully diluted basis) interest in our former subsidiary, Primrose, to an affiliate of American Capital Strategies, Ltd. The aggregate purchase price for our interest in Primrose and those interests in Primrose held by minority stockholders and option holders was $82.8 million, after giving effect to certain adjustments set forth in the definitive stock purchase agreement that related to, among other things, payables owed to us and Capital Partners, employee bonuses and transaction costs. We received approximately $76.8 million, on a pre-tax basis, for our 91.52% (on a fully diluted basis) interest in Primrose.

In connection with the sale of Primrose, on May 31, 2006 the Board of Directors declared a special cash dividend of $9.04 per share of our Common Stock and Class A Common Stock. The special cash dividend was paid on June 28, 2006 to stockholders of record at the close of business on June 14, 2006. The special cash dividend was paid principally from the net after-tax proceeds of our sale of our 91.52% (on a fully diluted basis) interest in Primrose.

WC Stock Purchase Agreement

In order to enable Sedgwick CMS to acquire 100% of the remaining principal subsidiaries of the Company, we have entered into a stock purchase agreement, dated as of June 12, 2006, among us, WC and the WC minority holders, pursuant to which we will acquire all of the outstanding WC shares and options not currently owned by us for an aggregate purchase price of approximately $24.3 million. The aggregate purchase price was the result of arm s-length negotiations between the Company and the WC minority holders and was calculated primarily based on the percentage of the equity value of the Company attributable to the CompManagement business, with certain adjustments to reflect the costs and expenses arising out of our being a public company, including preparing this proxy statement and holding the special meeting of stockholders. It is a condition to the closing of the merger that we acquire such WC shares and options immediately prior to completing the merger (provided that such condition may be waived, in whole or in part, by Sedgwick CMS). See Footnote 1 to The Merger Agreement Merger Consideration Calculation of $16.46 Figure in the Merger Agreement Calculation of Aggregate Equity Value Payable to the Company s Stockholders on page 61.

Under the WC stock purchase agreement, each holder of WC common stock and options has agreed not to transfer, assign or pledge such shares prior to the closing of the merger. In addition, the WC stock purchase agreement amends the WC options to prohibit exercise of those options prior to the termination of the WC stock purchase agreement. Furthermore, under the WC stock purchase agreement, that certain stockholders agreement, dated as of December 21, 2000, by and among HP Acquisition Corp., WC, the Company and Robert J. Bossart, Randy E. Jones, Richard T. Kurth, Paul A. Miller, Daniel R. Sullivan, Jonathan R. Wagner and each other person who has joined such agreement as a management holder , as amended, will be terminated at the closing of the sale of the WC shares and options under the WC stock purchase agreement without payment or liability.

Pursuant to the WC stock purchase agreement, until the third anniversary of the closing of the merger Jonathan R. Wagner, Richard T. Kurth, Daniel R. Sullivan and Randy E. Jones (each of whom is a WC minority holder) have, and until the second anniversary of the closing of the merger Paul Collins (a WC minority holder) has, agreed to certain non-solicitation and non-competition restrictions. As consideration for entering into these non-solicitation and non-competition restrictions, the above-mentioned management employees of WC are entitled, in lieu of receiving stay pay bonuses, to an aggregate of approximately $933,000 upon the closing of the Company s purchase of the WC shares and options under the WC stock purchase agreement. As additional consideration for entering into these non-solicitation and non-competition restrictions, WC has amended the employment agreements of Jonathan R. Wagner, Richard T. Kurth, Daniel R. Sullivan, Randy E. Jones and Paul Collins to extend the terms of such agreements to December 31, 2008, and to grant each such person a right to resign (with or without good reason) during the one-year period following the closing of the merger and, in such instance, to receive severance for a one-year period. Such amendments will not be effective until (and are subject to) the closing of the WC stock purchase agreement.

The WC stock purchase agreement will terminate in the event that the merger agreement is terminated.

See Other Agreements Entered Into in Connection with the Merger Agreement WC Stock Purchase Agreement on page 77.

Voting Agreement

In connection with the execution of the merger agreement, Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer entered into a voting agreement, dated as of June 12, 2006, with Sedgwick CMS and Merger Corp., in which each of Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer has agreed, among other things, to (i) vote all of their shares of Common Stock and Class A Common Stock in favor of the adoption of the merger agreement, (ii) grant an irrevocable proxy to Sedgwick CMS with respect to all such shares, (iii) not transfer any such shares or any interest in such shares, except to Sedgwick CMS, and (iv) not solicit or participate in any competing proposals for the acquisition of the Company. Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer are the owners of record and have voting control over an aggregate of 80.4% of the shares of the Company. Their shares represent more than the number of votes necessary to adopt the merger agreement at the special meeting even if you and every other stockholder of the Company vote against the merger agreement. However, if the Board of Directors changes its recommendation in favor of the merger, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Common Stock and Class A Common Stock not held by Brian D. Fitzgerald, FGS, Inc., CP Acquisition and A. George Gebauer will also be required to adopt the merger agreement. The voting agreement will terminate on the first to occur of (a) the closing of the merger or (b) the termination of the merger agreement in accordance with its terms. See Other Agreements Entered Into in Connection with the Merger Agreement Voting Agreement on page 79.

Indemnification Agreement and Escrow Requirements

Sedgwick CMS requested that a portion of the merger consideration and a portion of the purchase price payable under the WC stock purchase agreement be placed into escrow to satisfy potential indemnification obligations with respect to certain matters in connection with the formal sale process, including the calculation of the taxes related to the sale of Primrose. In order to make us more attractive to Sedgwick CMS, and in an effort to increase the merger consideration payable to all of our stockholders, our majority stockholder and each of the directors and certain of the executive officers of the Company and certain other persons, including the WC minority holders, agreed to provide Sedgwick CMS with such indemnification. CP Acquisition, Brian D. Fitzgerald, FGS, Inc., each of the Company s directors, William R. Schlueter and Stephen Brown and the WC minority holders entered into an indemnification agreement, dated as of June 12, 2006, pursuant to which such parties have agreed to indemnify Sedgwick CMS with respect to certain matters in connection with the formal sale process. The parties providing indemnification will not, however, be liable for any losses, taxes or other amounts until the total amount of such losses, taxes or other amounts exceeds $2,000,000, and then only to the extent such losses, taxes or other amounts exceed such amount; provided that certain claims for indemnification may be subject to additional deductibles and certain claims (including claims with respect to taxes) are not subject to the $2,000,000 basket.

As security for such indemnification obligations, the parties providing indemnification agreed to have approximately $13 million (approximately $1.76 per share of our Common Stock or Class A Common Stock) otherwise payable to the parties providing indemnification placed into escrow at the time such transactions are closed. All rights to indemnification will survive until the 12 month anniversary of the closing of the merger. Except for certain limited circumstances, the indemnification obligations of the parties providing indemnification are limited to the amounts in escrow.

Our public stockholders will not be subject to any such indemnification obligations, and none of the merger consideration payable to the public stockholders will be placed into escrow. Furthermore, in the event that no indemnification claims are made and the full amount of the escrow is returned to the parties providing indemnification, the total consideration to be provided to such parties in respect of their Company shares will not exceed the $16.46 per share (other than any interest on the escrow that is provided by the escrow agent to such parties) payable to our public stockholders.

See Other Agreements Entered Into in Connection with the Merger Agreement Indemnification Agreement and Escrow Requirements on page 80.

Certain Risks in the Event of Bankruptcy

If the Company is insolvent at the time of the merger, or becomes insolvent because of the merger, the merger consideration paid to the Company s stockholders on completion of the merger may be deemed to be a fraudulent conveyance under applicable law and therefore may be subject to the claims of the Company s creditors. If such claims are asserted by the Company s creditors, there is a risk that persons who were stockholders at the effective time of the merger would be ordered by a court to return to the Company s trustee in bankruptcy all or a portion of the funds received upon the completion of the merger.

There can be no assurance as to what standards a court would use to determine whether the Company was solvent at the effective time of the merger. None of the legal counsel to the Company, Sedgwick CMS or Merger Corp. has been asked to express an opinion as to the applicability of federal or state fraudulent transfer or conveyance laws.

The merger agreement contains representations and warranties made by Sedgwick CMS and Merger Corp. that:

- neither Sedgwick CMS nor Merger Corp. is entering into the transactions contemplated by the merger agreement with the actual intent to hinder, delay or defraud either present or future creditors of the Company or any of its subsidiaries; and

- assuming that the representations and warranties of the Company contained in the merger agreement are true and correct as of the closing of the merger, then immediately after the closing of the merger, and after giving effect to the merger and the other transactions contemplated by the merger agreement (including the proposed financing structure for the merger), the Company:

- will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and the present fair saleable value of its assets will not be less than the amount required to pay its liabilities on its debts as they become absolute and matured);

- will have adequate capital and liquidity with which to engage in its business; and

- will not have incurred and does not plan to incur debts beyond its ability to pay as they become absolute and matured.

Interests of the Company s Majority Stockholder, Directors, Executive Officers and Certain Beneficial Owners in the Merger

In considering the recommendation of the Board of Directors with respect to the merger agreement, you should be aware that our majority stockholder and some of our directors, executive officers and certain beneficial owners have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of our stockholders generally. These interests, to the extent material, are described below. The Board was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger.

General

Other than as set forth below and elsewhere in this proxy statement:

- none of our directors or executive officers and no person known to us to have beneficial ownership of more than 5% of our Common Stock or Class A Common Stock have, as a result of the merger, the right to receive any payments (including severance, change of control or retention payments) other than payment of the merger consideration in respect of shares of Common Stock and/or Class A Common Stock owned by such person;

- none of our directors or executive officers and no person known to us to have beneficial ownership of more than 5% of our Common Stock or Class A Common Stock have an ownership interest in Sedgwick CMS, Merger Corp. or, to their knowledge, any of their respective principal equity holders and no such person will have an ownership interest in Sedgwick CMS, the surviving corporation or, to their knowledge, any of their respective principal equity holders following the merger;

- none of our directors or executive officers and no person known to us to have beneficial ownership of more than 5% of our Common Stock or Class A Common Stock will be employed or retained in any capacity following the merger by Sedgwick CMS, the surviving corporation or any of their respective affiliates; and

- none of our directors or executive officers and no person known to us to have beneficial ownership of more than 5% of our Common Stock or Class A Common Stock will, following the merger, be a

party to any contract with Sedgwick CMS, the surviving corporation or any of their respective affiliates (other than the indemnification agreement and the escrow agreement).

CP Acquisition

CP Acquisition is the record owner of 4,455,672 shares of Class A Common Stock. Capital Partners, FGS Partners, L.P. and FGS, Inc. are the general partners of CP Acquisition, with an aggregate 1.0% capital interest in CP Acquisition. In addition, they have the aggregate right to receive 20% of the pre-tax profits realized by CP Acquisition as a result of the merger. Certain of our directors and executive officers are owners, executive officers and/or employees of such general partners as follows:

- FGS Partners, L.P. Capital Partners is the sole general partner of, and owns a 1.0% capital interest in, FGS Partners, L.P.

- Capital Partners Brian D. Fitzgerald is the President, Chief Executive Officer and sole stockholder and director of Capital Partners. A. George Gebauer and William R. Schlueter are officers of Capital Partners, and Richard W. O Connor is an employee of Capital Partners.

- FGS, Inc. Brian D. Fitzgerald is the controlling stockholder, president, treasurer and a director of FGS, Inc. and A. George Gebauer is an executive officer of FGS, Inc.

Capital Partners

Capital Partners is the representative of CP Acquisition and manages the Company pursuant to the MAS. The Board of Directors assigned Capital Partners, and its President and Chief Executive Officer, the responsibility to manage our formal sale process.

Pursuant to the MAS, Capital Partners has provided us with advisory services in the areas of planning the formal sale process, selecting and evaluating potential third-party purchasers, negotiating directly or indirectly with potential third-party purchasers and completing a sale of the Company (including a sale of Primrose). Under the MAS, Capital Partners is entitled to receive an incentive sales bonus, the value of which is based upon the aggregate per share consideration payable to our public stockholders in connection with the formal sale process (including the merger consideration and the special cash dividend). The opportunity for Capital Partners to earn the incentive sales bonus was provided to compensate Capital Partners for its additional services in connection with the management of the formal sale process, to provide incentives to Capital Partners to achieve for our stockholders the highest per share consideration reasonably obtainable and to provide a measure of employment continuation and severance for the employees of Capital Partners (who include our executive officers) whose services for us will cease upon the closing of the merger. Based upon the Board s expectation that our public stockholders could realize an aggregate per share consideration of $16.50 or more in connection with the formal sale process, as determined based on presentations from several investment banks to the Board of the sale of the Company, historical stock prices and other factors, the incentive sales bonus was calculated as follows:

- $2,000,000 if the aggregate per share consideration was equal to $16.50 per share, *plus*

- $100,000 (or a pro rata portion thereof) for each $1.00 by which the aggregate per share consideration exceeds $16.50 per share, *minus*

- in the event that the aggregate per share consideration was less than $16.50 per share, the amount, subject to certain limitations, by which a majority of the Company s independent directors determined that the incentive sales bonus should be reduced (as the aggregate per share consideration is greater than $16.50 per share, such reduction amount was not established by the Company s independent directors).

On May 11, 2006, the MAS was amended to extend the date by which Capital Partners could earn the incentive sales bonus from June 30, 2006 to September 30, 2006. On June 12, 2006, the MAS was further

amended to clarify that, for purposes of calculating the incentive sales bonus, the per share consideration includes the aggregate dollar value per share to be received by the Company s stockholders in connection with the merger, without regard to any amount placed in escrow or used to satisfy indemnification claims, and the aggregate dollar value per share of the special cash dividend. The May 11 amendment and the June 12 amendment was unanimously approved by our Compensation Committee, our Audit Committee and the full Board of Directors, a majority of the members of which are independent directors.

As the aggregate per share consideration to be paid to our public stockholders in connection with the formal sale process is $25.50 per share (including the $9.04 per share special cash dividend and the $16.46 per share merger consideration), Capital Partners is entitled to a $2.9 million incentive sales bonus.

Under the MAS, Capital Partners is also entitled to receive any unpaid portion of its 2006 annual advisory fee in connection with its regular advisory services at the time the merger is closed. As a result, if the merger is closed on or prior to September 30, 2006, Capital Partners will be entitled to receive its $387,500 advisory fee payable in connection with the fourth quarter of 2006. If the merger is closed after September 30, 2006, Capital Partners will be paid the $387,500 advisory fee payable in connection with the fourth quarter of 2006 on October 1, 2006 in accordance with the MAS and will not be entitled to receive any additional payments in respect of its annual advisory fee. Further, immediately prior to the closing of the merger, the MAS will be terminated, and Capital Partners will have no agreement with Sedgwick CMS, the surviving corporation or any of their respective affiliates.

The terms of the MAS, including the incentive sales bonus, were established through arm s-length negotiations between Capital Partners and the independent members of the Board of Directors and were unanimously approved by our Compensation Committee, our Audit Committee and the full Board, a majority of the members of which are independent directors. Our independent directors have unanimously determined that the aggregate per share consideration payable to our public stockholders in connection with the formal sale process (including the merger consideration and the special cash dividend) is acceptable for purposes of the payment of the incentive sales bonus.

In connection with the execution of the merger agreement, the Company and Capital Partners entered into an Assignment and Assumption of Lease, dated as of June 12, 2006, pursuant to which Capital Partners assumed the lease, dated November 1, 2003, covering our headquarters in Greenwich, Connecticut. The lease assignment was entered into at the request of the bidders for the Company (including Sedgwick CMS) in order to make the Company more attractive to potential third-party purchasers as the potential third-party purchasers (including Sedgwick CMS) were not interested in using such premises after the closing of the merger and did not want to retain the obligations associated with the lease. Pursuant to the lease assignment, the Company will assign to Capital Partners all of its right, title, interest, obligations and liabilities in, to and under such lease and pay Capital Partners the sum of $125,000 to relieve the Company of its obligations under the lease on the closing of the merger (and $750 to the landlord as reimbursement for its expenses in connection with the assignment). In connection with the lease assignment, the Company will also assign to Capital Partners a sublease covering a portion of the premises and transferred to Capital Partners certain furnishings and leasehold improvements at such premises.

The terms of the lease assignment and the related agreements were established through arm s-length negotiations between Capital Partners and the Audit Committee of the Board of Directors. The terms of the lease assignment and related agreements were unanimously approved by our Compensation Committee, our Audit Committee and the full Board, a majority of the members of which are independent directors.

Brian D. Fitzgerald is the President, Chief Executive Officer and sole stockholder and director of Capital Partners, A. George Gebauer and William R. Schlueter are officers of Capital Partners and Richard W. O Connor is an employee of Capital Partners.

Director and Officer Indemnification and Insurance

The merger agreement provides that all rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the effective time of the merger (including rights for advancement of expenses) now existing in favor of the current or former directors or officers of the Company or any of its subsidiaries (including, solely for these purposes, Primrose and its subsidiaries) as provided in their respective certificates of incorporation or bylaws (or comparable organizational documents) will survive the merger and will continue in full force and effect in accordance with their terms.

Prior to the merger, the Company will purchase a six-year tail policy of directors and officers liability insurance covering acts or omissions occurring prior to the merger with respect to those persons who are currently covered by the Company s directors and officers liability insurance policy on terms with respect to such coverage and amounts no less favorable than those of such policy in effect on the date hereof, for a total cost not in excess of $180,000.

Stock Options

In connection with the declaration of the special cash dividend, the Board of Directors, upon the approval and recommendation of our Compensation Committee, accelerated the vesting of all remaining unvested director and employee options under our 2000 Long-Term Incentive Plan, including options to acquire 52,000 shares of our Class A Common Stock held by certain of our directors and executive officers, subject to the requirement that any shares acquired upon exercise of such options may not be sold by the optionee until the earlier of the original vesting date of the accelerated options or the sale of the Company. All such options have been exercised. In all cases, the options had exercise prices that were less than the merger consideration.

The following table sets forth the directors and executive officers that held options that were accelerated:

Director/Executive Officer	**Number of Accelerated Options**	**Original Vesting Dates**
Brian D. Fitzgerald	40,000	July 19, 2006
William R. Schlueter	4,000	July 19, 2006
Robert M. Williams	8,000	December 23, 2006

Section 16 Matters

The Board of Directors has taken steps to exempt from short-swing profit liability under Rule 16b-3 promulgated under the Exchange Act any dispositions of Common Stock and Class A Common Stock in the merger by directors or officers of the Company subject to Section 16 of the Exchange Act.

Indemnification Agreement and Escrow Requirements

CP Acquisition, Brian D. Fitzgerald, FGS, Inc., each of the Company s directors, William R. Schlueter, Stephen Brown and the WC minority holders entered into an indemnification agreement, dated as of June 12, 2006, pursuant to which such parties have agreed to indemnify Sedgwick CMS with respect to certain matters in connection with the formal sale process and, as security for such indemnification obligations, agreed to have approximately $13 million (approximately $1.76 per share of our Common Stock or Class A Common Stock) otherwise payable to the parties providing indemnification placed into escrow at the time such transactions are closed. Except for certain limited circumstances, the indemnification obligations of the parties providing indemnification are limited to the amounts in escrow. Our public stockholders will not be subject to any such indemnification obligations, and none of the merger consideration payable to the public stockholders will be placed into escrow. Furthermore, in the event that no indemnification claims are made and the full amount of the escrow is returned to the parties providing indemnification, the total consideration to be provided to such parties in respect of their Company shares will not exceed the $16.46 per share (other than any interest on the escrow that is provided by the escrow agent to such parties) payable to our public stockholders. See Other Agreements Entered Into in Connection with the Merger Agreement WC Stock Purchase Agreement on page 77.

Lawsuit by Limited Partners of CP Acquisition

Certain limited partners of CP Acquisition filed a complaint, dated March 29, 2005, against certain of the Company s stockholders, including Brian D. Fitzgerald, FGS, Inc. and CP Acquisition, and Capital Partners. Among other things, the complaint alleged that such stockholders breached the limited partnership agreement among the parties by failing to use their best efforts to wind up the partnership and breached their fiduciary duties to the partnership and the partnership s limited partners by failing to cause the shares of Class A Common Stock held by CP Acquisition to be sold. This complaint was subsequently dismissed without prejudice.

Material United States Federal Income Tax Consequences

The following is a general discussion of certain material U.S. federal income tax consequences of the merger to holders of our Common Stock and Class A Common Stock. This discussion does not apply to the parties providing indemnification. We base this summary on the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable current and proposed U.S. Treasury Regulations, judicial authority and administrative rulings and practice, all of which are subject to change, possibly on a retroactive basis. Holders are urged to consult their own tax advisors to determine the particular tax consequences, including the application and effect of any state, local or foreign income and other tax laws, of the receipt of cash in exchange for our Common Stock or Class A Common Stock pursuant to the merger.

This discussion is applicable only to U.S. holders. For purposes of this discussion, we use the term U.S. holder to mean:

- a citizen or individual resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S. or any state or the District of Columbia;
- a trust if it (1) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income tax regardless of its source.

This discussion assumes that a holder holds our Common Stock or Class A Common Stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income tax that may be relevant to a holder in light of its particular circumstances, or that may apply to a holder that is subject to special treatment under the U.S. federal income tax laws. Holders that may be subject to special treatment under the U.S. federal income tax laws include:

- insurance companies,
- dealers in securities or foreign currencies,
- traders in securities who elect the mark-to-market method of accounting for their securities,
- stockholders subject to the alternative minimum tax,
- persons that have a functional currency other than the U.S. dollar,

- tax-exempt organizations,
- persons who are not U.S. holders,
- financial institutions,
- mutual funds,
- partnerships or other pass-through entities for U.S. federal income tax purposes,
- controlled foreign corporations,
- passive foreign investment companies,
- certain expatriates,
- corporations that accumulate earnings to avoid U.S. federal income tax,
- stockholders who hold our Common Stock or Class A Common Stock as part of a hedge, straddle, constructive sale or conversion transaction, or
- stockholders who acquired their shares of our Common Stock or Class A Common Stock through the exercise of director or employee stock options or other compensation arrangements.

In addition, this discussion does not address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax that may apply to holders.

If a partnership holds our Common Stock or Class A Common Stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our Common Stock or Class A Common Stock, you should consult your tax advisors.

The receipt of cash pursuant to the merger (or pursuant to the exercise of appraisal rights) by U.S. holders of our Common Stock or Class A Common Stock will be a taxable transaction for U.S. federal income tax purposes (and may also be a taxable transaction under applicable state, local and foreign tax laws). In general, for U.S. federal income tax purposes, a U.S. holder of our Common Stock or Class A Common Stock will recognize gain or loss equal to the difference between:

- the amount of cash received in exchange for the Common Stock or Class A Common Stock; and
- the U.S. holder s adjusted tax basis in the Common Stock or Class A Common Stock.

If the holding period in our Common Stock or Class A Common Stock surrendered in the merger (or pursuant to the exercise of appraisal rights) is greater than one year as of the date of the merger, the gain or loss will be long-term capital gain or loss. Non-corporate holders of our Common Stock or Class A Common Stock who have a holding period of one year or less with respect to such stock and would otherwise have a short-term capital loss as a result of the merger should consult their tax advisors in connection with whether the special rules of Section 1(h)(11)(D)(ii) of the Code will apply to re-characterize that capital loss as long-term capital loss. The deductibility of a capital loss recognized on the exchange is subject to limitations under the Code. If a U.S. holder acquired different blocks of our Common Stock or Class A Common Stock at different times and different prices, the adjusted tax basis and holding period must be determined separately with respect to each block of Common Stock or Class A Common Stock.

On May 31, 2006, we declared the special cash dividend, which was paid on June 28, 2006 to holders of record at the close of business on June 14, 2006. We believe, although there can be no assurances, that the special cash dividend will be treated as a distribution by us to holders of our Common Stock and Class A Common Stock with respect to such stock for U.S. federal income tax purposes. However, in the event the merger occurs, it is possible that the Internal Revenue Service may argue that the special cash dividend was

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not a distribution to the holders of our Common Stock and Class A Common Stock with respect to such stock for U.S. federal income tax purposes, but should instead be treated as having been transferred to the holders of our Common Stock and Class A Common Stock as part of the merger consideration for such stock. If this argument were to prevail, the amount distributed to holders of our Common Stock and Class A Common Stock pursuant to the special cash dividend, instead of being taxed as a distribution with respect to our stock, would give rise to additional capital gain or a reduced amount of capital loss with respect to the merger for such holders.

Assuming that the special cash dividend is treated as a distribution to the holders of our Common Stock and Class A Common Stock with respect to such stock, the distribution would be taxed as ordinary dividend income to the extent of that holder s ratable share of our current or accumulated earnings and profits, then treated as a tax-free return of capital to the extent of the U.S. holder s tax basis in the Common Stock and Class A Common Stock, then treated as capital gain. Ordinary dividend income is currently taxed as net capital gain at a maximum rate of 15% to noncorporate U.S. holders that meet certain holding period requirements. Corporate U.S. holders may be entitled to a dividends-received deduction with respect to the portion of the proceeds of such distribution that is treated as a dividend. Corporate U.S. holders of our Common Stock or Class A Common Stock may be subject to the extraordinary dividend rules of Section 1059 of the Code as a result of such distribution.

Under the Code, a U.S. holder of our Common Stock or Class A Common Stock may be subject, under certain circumstances, to information reporting on the cash received pursuant to the merger (or pursuant to the exercise of appraisal rights) unless the U.S. holder is a corporation or other exempt recipient. Backup withholding will also apply (currently at a rate of 28%) with respect to the amount of cash received, unless the U.S. holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax, and any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder s U.S. federal income tax liability, if any, provided that the U.S. holder furnishes the required information to the Internal Revenue Service in a timely manner.

Regulatory Approvals

Each of the Company and Sedgwick CMS submitted a Notification and Report Form to the Federal Trade Commission and the Antitrust Division of the Department of Justice. Early termination of the waiting period applicable to the completion of the merger under the HSR Act was granted effective on July 11, 2006.

The Federal Trade Commission and the Department of Justice may challenge a merger on antitrust law grounds either before or after expiration of the HSR waiting period. Accordingly, at any time before or after the completion of the merger, the Federal Trade Commission or the Department of Justice could take action under the United States antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the transaction or to obtain other structural or conduct relief. Other persons could also take action under the United States antitrust laws, including seeking to enjoin the merger. Additionally, at any time before or after the completion of the merger, whether or not the applicable HSR waiting period expired or ended, any state could take action under the antitrust laws as it deems necessary or desirable in the public interest.

The parties believe that the merger does not violate the antitrust laws of the United States or of any other jurisdiction. However, we cannot assure you that the merger will not be challenged on antitrust grounds or that we will prevail if a challenge is made.

Except as noted above, we are unaware of any material governmental regulatory requirements or approvals required for the completion of the merger.

Fees and Expenses of the Merger

The Company estimates that, if the merger is completed, the fees and expenses we will incur in connection with the merger will be approximately as follows:

Description	Amount
Financial advisory fees	$ 6,661,156
Legal fees and expenses	$ 1,600,000
SEC filing fees	$ 12,960
Printing and mailing costs	$ 45,000
Miscellaneous	$ 535,926
Total	$ 8,855,042

If the merger agreement is terminated under certain circumstances, the Company will be obligated to pay the out-of-pocket expenses of Sedgwick CMS and Merger Corp. up to $1,453,736, and if certain additional circumstances exist, the Company will be obligated to pay to Sedgwick CMS a $5,814,945 termination fee less any termination expenses previously paid to Sedgwick CMS. For a description of the circumstances triggering payment of the termination fee and expenses, see The Merger Agreement Termination Fee and Expenses on page 76.

THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement. This summary and any discussion elsewhere in this proxy statement do not purport to describe all of the terms of the merger agreement and are qualified in their entirety by reference to the complete merger agreement, which is attached to this proxy statement as Appendix A. We encourage you to read carefully the merger agreement because it, and not this proxy statement, is the legal document that governs the merger.

The merger agreement has been described in this proxy statement and included as an appendix to the proxy statement to provide the Company s stockholders with information regarding its terms. The terms of the merger agreement (such as the representations and warranties) are not intended to provide any factual information about the Company, Sedgwick CMS or their respective affiliates to investors generally.

The merger agreement contains representations and warranties that the parties to the agreement made to and solely for the benefit of each other. The assertions embodied in those representations and warranties are qualified by materiality and knowledge qualifiers and detailed information in disclosure schedules provided by us in connection with signing the merger agreement. While the Company does not believe that the disclosure schedules contain non-public information that the securities laws require to be publicly disclosed, the disclosure schedules do contain detailed information that modifies, qualifies and creates exceptions to our representations and warranties set forth in the merger agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since (i) they were only made as of the date of the merger agreement or a prior, specified date, (ii) in some cases they are subject to materiality and knowledge qualifiers, and (iii) in the case of our representations and warranties, they are modified in important part by detailed information included in the disclosure schedules. Finally, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in the Company s public disclosures.

General

At the effective time of the merger, Merger Corp. will merge with and into the Company. As a result of the merger, the separate corporate existence of Merger Corp. will cease, and the Company will continue as the surviving corporation and a wholly owned subsidiary of Sedgwick CMS.

Effective Time

The closing of the merger will occur as soon as practicable but no later than the third business day following the satisfaction or waiver of all of the conditions to closing set forth in the merger agreement (other than any conditions that by their nature are to be satisfied at the closing or at such other date as the parties may agree). We will file a certificate of merger with the Secretary of State of the State of Delaware on the closing date of the merger. The merger will become effective when that certificate is filed or at such later time as we and Sedgwick CMS may agree upon and specify in the certificate.

Merger Consideration

The adjusted cash merger consideration payable to the holders of Common Stock and Class A Common Stock in the merger is $16.46. The merger agreement provides for certain post-signing adjustments to the $16.46 cash merger consideration figure set forth in the merger agreement. In this section, we first describe how the original $16.46 merger consideration figure was calculated at the time the merger agreement was signed, and then explain the post-signing adjustments and set forth the calculation of the post-signing adjustments that resulted in no adjustment to the cash merger consideration.

In an effort to maximize stockholder value and to facilitate the comparison of the bids, the bidders for the Company were asked to submit bids on a debt free/cash free basis and without taking into account the transaction fees and costs related to the sale of the Company (without regard to the proceeds received from the sale of Primrose) and fees and costs related to the acquisition by the Company of the WC shares and options from the WC minority holders - i.e., on an enterprise value basis. The offer that we accepted from Sedgwick CMS was an offer of $191.5 million on an enterprise value basis. The following sets forth how the $16.46 per share consideration set forth in the merger agreement was calculated based upon the $191.5 million enterprise value.

Calculation of $16.46 Figure in the Merger Agreement

The merger agreement sets forth a per share consideration of $16.46 (subject to post-signing adjustment as described below). This figure was calculated from the enterprise value of the balance of the Company after the sale of Primrose as follows.

- ***Calculation of Aggregate Equity Value Payable to the Company s Stockholders***

Starting with the $191.5 million enterprise value for the Company (without regard to the proceeds received from the sale of Primrose), we calculated the portion of that enterprise value that reflected the aggregate and per share equity value attributable to the Company s stockholders. To arrive at those amounts, we and Sedgwick CMS agreed to subtract from the enterprise value of $191.5 million certain payments to our employees and related parties, the Company s agreed expected level of indebtedness at the time the merger was consummated, the equity value attributable to the WC minority holders (since Sedgwick CMS wanted to acquire 100% of WC and its subsidiaries), certain costs of the merger, and an amount reflecting our revised estimate of the taxes that the Company will owe on the net proceeds of the sale of Primrose. This resulted in the $16.46 per share consideration set forth in the merger agreement as follows:

	Enterprise Value		$191,500,000
minus	Stay pay bonuses payable to WC employees at the time the merger agreement was signed	-	$2,249,191
minus	Payments to settle litigation with terminated WC executives	-	$1,780,257
minus	Payments to WC management for non-solicitation and non-competition agreements	-	$932,708
minus	Payments to financial advisors (including UBS, HSC and Capital Partners)	-	$6,661,156
minus	Remaining Capital Partners advisory fee payment	-	$387,500
minus	Payments related to Greenwich lease assignment	-	$125,750
minus	Legal fees prior to May 31, 2006	-	$600,000
minus	D&O insurance premium	-	$180,000
minus	Miscellaneous transaction expenses	-	$535,926
minus	Estimated payment required to terminate credit agreement	-	$28,500,000
minus	Purchase price for WC shares and options owned by WC minority holders(1)	-	$24,286,671
minus	Estimated expenses to prepare proxy statement and hold special meeting	-	$1,090,650
minus	Primrose tax-related expenses(2)	-	$3,083,233
	Aggregate Equity Value Payable to the Company s Stockholders		***$121,086,958***

(1) Calculated as approximately 16.32% of the aggregate equity value of the Company (without regard to the proceeds received from the sale of Primrose) prior to reducing the enterprise value by (i) the purchase price for WC shares and options owned by WC minority holders, (ii) the estimated expenses to prepare this proxy statement and hold the special meeting and (iii) the Primrose-related tax expenses.

(2) Calculated as the sum of (i) the difference between (A) the Company s initial estimate of $16,063,175 of taxes related to the sale of Primrose (which estimate was used in announcing the net after-tax Primrose proceeds on a per share basis) and (B) the revised estimate of $18,946,408 of taxes (which was calculated as a $21,044,517 tax liability arising out of the sale of Primrose less a $2,098,109 estimated tax benefit from certain compensation deductions that will arise in connection with the consummation of the merger) and (ii) $200,000 to compensate Sedgwick CMS with respect to certain other Primrose-related tax items.

- ***Calculation of Merger Consideration in the Merger Agreement***

	Aggregate Equity Value Payable to the Company s Stockholders	$	121,086,958
divided by	*Aggregate Shares (on a fully diluted basis) on the date the merger agreement was signed*	÷7,358,477	
	Merger Consideration in the Merger Agreement	***$***	***16.46***

Application of Post-Signing Adjustment Provisions Resulting in No Adjustment

The merger agreement provides for various post-signing adjustments to the $16.46 per share consideration set forth in the merger agreement. These adjustments were calculated prior to our mailing this proxy statement to our stockholders. In the discussion that follows, we explain these adjustments and set forth the calculation that resulted in no adjustment to the merger consideration.

- ***Adjustments to Merger Consideration***

The merger consideration of $16.46 set forth in the merger agreement was subject to a downward adjustment if the Company s debt amount at the time this proxy statement was mailed (the target date debt amount) was in excess of the Company s expected indebtedness at such time of $28,500,000, and an upward or downward adjustment if the revised estimate at the time this proxy statement was mailed of the costs and expenses of preparing the proxy statement and holding the special meeting were less or more than the $1,090,650 of costs and expenses estimated at the time the merger agreement was signed. We had to make these adjustments no later than one business day prior to the mailing of the proxy statement. On August 3, 2006, the Company delivered an adjustment certificate setting forth its updated estimate of the special meeting expenses, the target date debt amount and the Company s calculation of any upward or downward adjustment to the merger consideration. The adjustment and the adjusted merger consideration payable to stockholders were calculated in accordance with the following:

- Debt Adjustment Amount

	Expected Indebtedness	$	28,500,000
minus	Target Date Debt Amount(1)	-28,500,000	
	Debt Adjustment Amount (such amount had to be zero or negative)	***$***	***0***