



Setting the Record Straight: Important Information About Encore Capital

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In response to recent media reports regarding its subsidiaries Midland Funding LLC and Midland Credit Management, Inc., Encore Capital Group, Inc. (Nasdaq: ECPG), a recognized leader in distressed consumer debt buying and recovery, has issued the following statement:

In 2008, a lawsuit titled *Brent v. Midland Credit Management, Inc.* was filed in the United States District Court for the Northern District of Ohio. The complaint alleged that wholly-owned Encore subsidiaries Midland Credit Management and Midland Funding used flawed affidavits in connection with collection efforts.

In August 2009, the federal judge presiding over the *Brent* litigation issued a ruling in the matter. In it, the judge did not challenge the validity of the underlying debt or the consumer's underlying financial obligation to repay it. The court did, however, identify what it considered to be areas for improvement in Midland's affidavit process. During 2009, following that ruling, the company conducted a full review of its affidavit process and enhanced it, consistent with the court's decision.

"Even as it existed at the time of the court's ruling in 2009, our process accurately reflected the individual who incurred the debt, the amount owed, and our ownership of the account. The company has also invested millions of dollars in sophisticated technology and analytics to ensure that we pursue litigation only when we believe the consumer has the financial ability to repay the debt. Nevertheless, our company took the court's concerns very seriously and we transformed our processes in this key area. As a result, we believe Encore Capital has been defining the industry's best practices," Brandon Black, Encore Capital's Chief Executive Officer, said.

Despite the fact that the company made these improvements, the Ohio legal case lingered into 2011 as the company continued to challenge the underlying assertions. At the same time, mortgage companies began receiving increased public attention regarding their affidavit processes, and copycat lawsuits making similar affidavit allegations were filed against Encore and its subsidiaries. After carefully considering the time and resources required to address these matters, Encore decided it was in the best interest of the company and its shareholders to reach a conclusion of the affidavit-related claims on a nationwide basis.

In February of this year, the company agreed to settle the *Brent* litigation and several related actions. On February 14, 2011, Encore disclosed this development in its fourth quarter and full-year 2010 earnings release and discussed it in more detail on the earnings conference call later that day. This settlement, which remains subject to final court approval, does not establish any wrongdoing by Encore or its subsidiaries; however, as part of the settlement, Encore and its subsidiaries, Midland Credit Management and Midland Funding, committed to maintaining affidavit production practices that were significantly enhanced beyond those addressed in the court's 2009 ruling.

Encore remains focused on developing best-in-class practices for all interactions with its consumers. As part of its demonstrated commitment to conduct business ethically and in ways that support consumers' financial recovery, the company introduced an industry-first *Consumer Bill of Rights* on March 21, 2011. The *Consumer Bill of Rights*, which can be viewed at www.encorecapital.com, is a groundbreaking code of ethics detailing Encore's commitment to working with consumers as they repay their financial obligations. An entire section of the *Bill of Rights* is dedicated to the fair and reasonable use of litigation when resolving outstanding obligations. Moreover, the *Bill of Rights* describes significant, additional benefits for the company's consumers, including articles dedicated to resolving accounts quickly and honestly, establishing forgiveness and hardship guidelines, and outlining collection practices promoting settlement and preserving consumer dignity.

On March 28, 2011, the Minnesota Attorney General's office issued a press release and filed documents in connection with the *Brent* litigation, echoing old claims made in the *Brent* matter and indicating the intent to file a lawsuit against Midland Credit Management and Midland Funding. The Attorney General's office did not contact either Encore or Midland prior to issuing its press release. The company has since contacted the Attorney General's office to discuss the allegations.

In response to the Attorney General's announcement, Encore CEO Brandon Black said, "We want to be extremely clear that Encore Capital and its subsidiaries, Midland Credit Management and Midland Funding, fully addressed these issues in 2009. We are committed to working with our consumers to help them regain their financial footing, as evidenced by our recent enactment of the *Consumer Bill of Rights* that goes well beyond what is required by law. We look forward to having substantive discussions with the Attorney General's office and establishing Encore as a model for doing business in the State of Minnesota."

About Encore Capital Group, Inc.

Encore Capital Group is a leader in consumer debt buying and recovery. We purchase portfolios of defaulted consumer receivables from major banks, credit unions, and utility providers and partner with individuals as they repay their obligations and work toward financial recovery. Our success and future growth are driven by our sophisticated and widespread use of analytics, our broad investments in data and behavioral science, the significant cost advantages provided by both our operations in India and our enterprise-wide, account-level cost database, and our demonstrated commitment to conduct business ethically and in ways that support our consumers' financial recovery.

Headquartered in San Diego, we are a publicly traded NASDAQ Global Select company (ticker: ECPG) and a component stock of both the Russell 2000 and Wilshire 4500. More information about the Company can be found at www.encorecapital.com.

Forward Looking Statements

The statements in this press release that are not historical facts, including, most importantly, those statements preceded by, or that include, the words "may," "believe," "projects," "expects," "anticipates" or the negation thereof, or similar expressions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). For all "forward-looking statements," the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in the reports filed by the Company with the Securities and Exchange Commission, including the most recent reports on Forms 10-K, 10-Q and 8-K, each as it may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.

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