



Encore Capital Group Response to Texas Attorney General Complaint

July 8, 2011

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Encore Capital Group, Inc. (Nasdaq: ECPG), and its wholly owned subsidiaries, Midland Credit Management, Inc. and Midland Funding, LLC, disagree with the allegations made in the complaint filed by the Texas Attorney General. The Texas complaint largely restates allegations raised in a 2008 lawsuit called *Brent*, which alleged that affidavits filed in debt collection lawsuits were defective because the person who signed the affidavits lacked personal knowledge. Contrary to the Texas Attorney General's suggestion, the alleged defects in the affidavits never resulted in judgments against people who did not owe the debts.

In fact, the judge in the *Brent* case ruled there was "... no evidence that the amount of the debt, the fact that it is unpaid, or other vital account information, is false." Indeed, the court also stated Midland "... could easily prepare a form affidavit that achieved the same goals without being misleading by reflecting the truth, plain and simple... they could base it on the accuracy of the records kept and the accuracy of the data." In 2009, the company adjusted its affidavit process to comply with the court's direction and Encore is confident that its current practices are legally sound.

The fairness hearing regarding the 2008 *Brent* lawsuit settlement is scheduled for Monday, July 11, 2011. The company is certain of the validity regarding the underlying debts at issue. Encore believes that the judge, after examining all of the facts and evidence, will support the company's position and formally approve the settlement. The company intends to continue to cooperate with the Texas Attorney General's Office and seeks to resolve its lawsuit.

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"). These statements may include, but are not limited to, statements regarding our litigation, future operating results, performance, business plans or prospects. 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.

For media inquiries, please contact:

Mike Huckman
MSLGROUP, for Encore Capital
mike.huckman@msslgroup.com
(212) 468-3968

or

Mary McCeney
MSLGROUP, for Encore Capital
mary.mcceney@msslgroup.com
(212) 468-4053

SOURCE Encore Capital Group, Inc.