



**Portfolio
Recovery
Associates**

July 1, 2013

Letter to PRAA Stockholders

On June 10, 2013, the Board of Directors of Portfolio Recovery Associates, Inc. (PRA) approved a three-for-one split by means of a stock dividend (the "Split") of PRA's common stock (NASDAQ: PRAA).

As a result of the Split, PRAA stockholders will be entitled to receive two additional shares of PRAA common stock for every one share held at the close of business today. The additional shares will be distributed on or about August 1, 2013. The additional shares will be recorded by an electronic entry on the records of PRA's stock ownership maintained by PRA's stock transfer agent, Continental Stock Transfer and Trust Company (Continental).

PRA is required to report this information to the Internal Revenue Service. We believe that the federal income tax effects of the Split will be that PRAA stockholders will not recognize an income gain or a loss as a result of their receipt of the additional shares of PRAA common stock. As a result of the Split, your basis in each share of PRAA common stock that you now hold will be allocated on a ratable basis among that share and the two additional shares of PRAA common stock received with respect to that share in the Split. The holding period of each of the post-Split shares will include the period during which you held the pre-Split shares with respect to which the additional shares of PRAA common stock were distributed.

On behalf of our Board of Directors and PRA's management team, I thank you for your continued support of PRA. For additional information about the Split, visit the Stock Split and Dividend section of our Investors website at www.PortfolioRecovery.com. If you have any questions about your PRAA stock account, you may contact Continental at 800-509-5586.

Regards,

Steve Fredrickson
Chairman, President and Chief Executive Officer
Portfolio Recovery Associates, Inc.