

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name  PORTFOLIO RECOVERY ASSOCIATES, INC.		2 Issuer's employer identification number (EIN)  75-3078675	
3 Name of contact for additional information  RICHARD SNEAD	4 Telephone No. of contact  (757) 351-3277	5 Email address of contact  RMSNEAD@PORTFOLIORECOVERY.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  120 CORPORATE BLVD, SUITE 100		7 City, town, or post office, state, and Zip code of contact  NORFOLK, VA 23502	
8 Date of action  07/01/2013		9 Classification and description  COMMON STOCK	
10 CUSIP number  736400105	11 Serial number(s)	12 Ticker symbol  PRAA	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On June 10, 2013, PRAA announced that its Board of Directors approved a 3-for-1 stock split by means of a stock dividend payable on August 1, 2013 to PRAA common shareholders of record as of July 1, 2013 (the "Stock Split"). As a result, for each share of PRAA common stock owned by a shareholder as of July 1, 2013, the shareholder received two additional shares of PRAA common stock on August 1, 2013.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The Stock Split resulted in the allocation of the tax basis with respect to a particular share ratably among the shares held immediately after the stock dividend with respect to that share under Section 307(a) of the Code. The basis of each share following the stock distribution was equal to 1/3 of the pre-distribution basis.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ A shareholder will multiply the basis in each share held before the Stock Split by 0.333 (1/3) to determine basis in each share held immediately after the Stock Split. The market value of the common stock is not applicable in determining the shareholder's tax basis in shares held immediately after the Stock Split.

**Part II Organizational Action (continued)**


17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Sec. 305(a) which states "Except as otherwise provided in this section, gross income does not include the amount of any distribution of the stock of a corporation made by such corporation to its shareholders with respect to its stock." IRC Sec. 307(a) which states "If a shareholder in a corporation receives its stock or rights to acquire its stock (referred to in this subsection as "new stock") in a distribution to which section 305(a) applies, then the basis of such new stock and of the stock with respect to which it is distributed (referred to in this section as "old stock"), respectively, shall, in the shareholder's hands, be determined by allocating between the old stock and the new stock the adjusted basis of the old stock. Such allocation shall be made regulations prescribed by the Secretary."

18 Can any resulting loss be recognized? ▶ N/A - no resulting loss

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is the 2013 calendar year.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶  Date ▶ June 10, 2013

Print your name ▶ KEVIN STEVENSON Title ▶ CFO

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054