

Investor News



Nicolas de Segonzac

Letter from the President...

As we successfully faced and overcame the challenges of 2003, our focus over the next year will be on accountability. From our managers and staff members at Debtco to our investors, we must all look to ourselves for achievement in being accountable for our success. Each one of us is an important and vital member of an all-encompassing team. We have been given a precious opportunity to help others enhance their financial status in life by helping them lay a solid foundation from which to build. Let's each one of us look to ourselves to help our team successfully achieve in supporting our customers to help them regain their financial independence. It's up to all of us to be responsible for Debtco's success, for this success ensures our customer's success in life.

*Thank you.
Warm regards,*

Nicolas de Segonzac

New 2004 Corporate Vision

Managers focus on three factors to determine best way to ensure success for Debtco this year

Debtco has set the vision for 2004! Our managers and staff met to determine how to create a successful year for the company's employees, investors, and clients.

The managers set a tall order for themselves and determined the best way to ensure success was to focus on three components of the vision:

- (1) **Becoming an Industry leader** could be achieved by focusing on training at all levels, increasing automation and improving both internal and external communication.
- (2) **Harvesting profits** by finding new, low cost lead generation and lowering accounts receivable.
- (3) **Adding market share** by introducing new products and generating a positive cash flow.

In reality, these are typical focus points that you would expect a smart team of managers. We were, however, pleasantly surprised by the input from our staff. We put a team of seven employees together for eight hours over a number of weeks to review the company values and develop a method for Debtco to achieve its vision through the employees.

They put their minds together and told us that they would like to support our vision through living by our core values, unleashing the power of teams, building on the strength of empowerment, and growing as a learning organization. Their concepts, ideas, and support reminded us that we have a great team supporting the Debtco vision and they're willing to stand behind us to ensure success.

Values

Honorable
Financially Strong
Caring
Innovative

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Employees of the Year

Last year was a challenging year for Debtco. The challenges, however, opened our eyes and forced us to learn how to adapt quickly and search for new opportunities.



Schaub

Two employees exemplified this positive philosophy in 2003: Valerie Chavez, a Negotiations Administrator, and Michael Schaub, a Sales Administrator. Both Valerie and Michael displayed strength, continually encouraged others to reflect on the positive side of change, had courage to stand up to the tasks at hand, were successful learning new jobs, and were innovative as they sought new ways of handling multiple projects and streamlining processes. We wish them continued success in 2004.



Chavez

Investor Conference Call

Debtco, Inc. cordially invites you to participate in our 2nd Quarter Investor Conference Call for 2004 - Thursday, April 29, 2004.

Debtco managers attending include Nicolas de Segonzac, Holly Hernandez, Ron Fender, Glen Grant, Mary Krebill, and Nick Riney.

Time: 6 p.m. PST
Phone: 1-888-700-3896
Password: 88451
Duration: 40 min. with 10 min. for Q&A

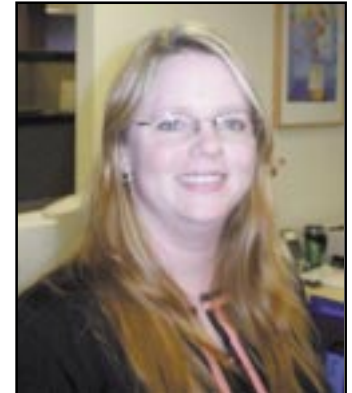
The call will be answered by a live operator. You may be placed on hold for a short period of time and then admitted to the Debtco call.

Investor relations questions? Please call Holly Hernandez at (800) 471-8203 x.173 or email her at holly.hernandez@debtco.com

If you are unable to participate in the conference call and would like to request a copy of the recorded call, please contact Karen Wantke at (800) 471-8203 x.112 or karen.wantke@debtco.com.

Debtco's New CFO Forecasts Continued Success in 2004

Debtco's 2003 4th quarter results are in and we're happy to announce that we have achieved our FIRST December with a positive cashflow! This is stellar news for Debtco, considering the challenges it experienced in 2003. But the company finished the year strong with positive numbers and looks to continue this trend into 2004.



Krebill

"We certainly did end the year very strong with this exciting news," says Mary Ann Krebill, Debtco's new CFO. "To add this good news, I've conducted a lot of forecasting for 2004 and it's going to be a real strong year, as well."

Some of the reasons for Debtco's recent success Krebill explains is due to the company's implementation of a cost savings plan, increased operations efficiencies, and improved revenues.

In addition, Krebill says she is currently working with the auditors on the 2003 numbers. She adds that the audit is going very well.

"It's been very positive," she says. "We have a very good relationship with our auditors, and they are most impressed with the recent process improvements we've made. This is great news to start off 2004."

Managing Objectives: "MBO"

Debtco currently has a strong management team with expertise in the day-to-day activities and strong operational expertise. But as a team, they requested more structure to ensure they could support the company's objectives and meet our organizational goals. They desired a support structure to provide guidance and focus while allowing flexibility to meet changes in industry.

To meet the request, we implemented "MBO" (Management by Objectives): a process where superior and subordinate managers jointly identify its common goals, define each individual's major area of responsibility in terms of results expected, and use these measures as guides for operating the unit and assessing the contribution of each of its members.

Typical results garnered from the implementation of this manage-

(Objectives continued on page 3)

Debtco's Advantage Program Helps Harvest Profits

Debtco introduced a new program in November 2003 to help clients become debt free faster! The "Advantage Program" combines the company's fees and client savings into a single affordable monthly payment paid by the client over a fixed number of months.

Overall, the Program helps us harvest profits by accelerating the collection of fees. The Program is designed so all service fees are collected in the client's first eight to 22 months in the program, rather than spread over 36 to 48 months on the Basic Program. In turn, we provide the client with an alternative that costs them less money to successfully reach financial freedom.

The sales team has seen many benefits by selling the Advantage Program. The team is able to motivate the client to enroll by pointing out the additional cost savings to the client. In addition, the sales team has more flexibility to provide an affordable alternative to their clients by extending the Advantage Program by a few months or lowering the monthly payment, getting them out of debt in the same amount of time.

These benefits help make the Program an easier sell. Already, our sales team has converted their selling technique to bring **70%** of clients to Debtco under the Advantage Program in January.

Executive Leadership Goals Posted

1. Create and maintain urgency. Build a true sense of urgency about increasing performance results in the "buckets" for which individual leaders are responsible.
2. Resolve the critical strategic issues. Formulate a clear, compelling corporate strategy; identify and focus unrelenting attention on the resolution of the most critical strategic issues.
3. Enforce individual accountability. Establish clear individual accountability for all executives and managers; evaluate managers in accordance with their individual results.
4. Leverage executive time. Leverage executive time and experience through efficient organization and management processes; give high-potential leaders additional responsibilities.
5. Make the tough decisions individually. Hold individual executives clearly responsible for making the critical decisions in their primary areas of responsibility, and track the results of those decisions in evaluating their performance.
6. Pick the best individuals for key jobs. Develop superior judgment as a leader in evaluating the potential of others against a strong template of individual leadership and performance capability.
7. Periodically raise the bar. Strive for earnings growth and improvement each year, not only for the company but also for each manager; promote people based on performance results, as well as potential.

HR Gets a New Face

Debtco's Human Resources Department has a new director—who already has plenty on her plate. Elaine Tsang joined Debtco in January 2004 as the department's new director and has been hard at work with many new projects, making Debtco the best possible place to work for its employees.



Tsang

"There are so many great people working here," Tsang says. "I want to make it my personal goal to make Debtco the best place it can be for our employees, providing them with the best chance for success in their jobs."

Tsang is already in the process of improving the company's safety program, enhancing the training process for new employees, upgrading employee communications, implementing an employee rewards or incentive programs, and updating the company's compliance regulations.

Besides initiating these new programs, Tsang's primary responsibilities include setting up hiring practices, handling company benefits for employees, managing payroll, revising the employee handbook, and more.

"I truly appreciate this opportunity," she adds. "I'm really enjoying myself and I hope to make Debtco the best place to work."

Debtco Mission

Debtco is a consumer focused company providing an honorable, caring, and effective alternative to bankruptcy, while educating clients to create greater wealth and prosperity in their lives. Our success is measured by the strength of our client retention, employee satisfaction, and profitable growth.

New Customer Service Regions and Web Access Slated

During 2003's 4th quarter, Debtco's Customer Service Department focused on ways to improve information sharing and better communication with our clients. One of the greatest additions is the new Client Center on our website www.debtco.com. Clients can now access their account profile online at anytime from anywhere!

We've set up an "Investor Client" for you to check out:

- Login to website www.debtco.com
- Click on "Client Center" tab, top right corner of page
- Enter user name 00-AHL7611
- Enter password Anderson
- See how Jimmy Anderson our *investor client* is doing.

Jimmy, the Investor Client, can now log in and instantly obtain his account information, make payments online, confirm receipt of payments, see the status of his debt: which creditors are paid off and who he still needs to save money for. He loves to check and see how close he is to achieving financial freedom!

In the future, we will continue to enhance the Client Center to allow clients to update their contact information online, receive statements through email and approve settlement offers online!

In addition to our online improvements, we have reorganized our client services team members into groups by time-zone. The team approach allows us to answer more client calls and emails and assist with questions or concerns quickly. This team approach has fostered a competitive nature, so our representatives are now competing against each other to ensure the highest level of client care, continuing to ensure that our clients come first at Debtco!

...Objectives

(Objectives continued from page 2)

ment technique are: higher morale and improved attitude, improved levels of performance and contributions, and better understanding of overall organizational goals. These results have been seen at all levels of the organization!

The management team has worked hard in implementing this process and as of now, they have developed key areas to focus on for achieving the company's vision for 2004, developed action plans for each department that support the vision, and set individual objectives and action plans for each member of the company. As part of the ongoing process, management will be conducting quarterly reviews of the objectives and action plans to ensure the goals are being met and make adjustments where necessary.

Debtco Gets Boost Via Media Coverage

San Diego Fox News investigative reporter/anchor Greg Phillips interviewed Debtco President, Nicolas De Segonzac in January for a story on charge-offs and how they affect your credit history.

In the interview, De Segonzac is characterized as an expert on credit and debt issues and a friend to consumers. De Segonzac cautions consumers that a charge off can have serious consequences and can cost thousands of dollars if, for example, a consumer fails to qualify for a better mortgage rate as a result. The Fox story focuses specifically on charge-offs that result from unpaid parking tickets. The piece has not yet aired.



Gable-Cook-Schmid Public Relations (GCS-PR) Partner Jon Schmid arranged the interview as part of an ongoing strategy to portray Debtco positively in the media. GCS-PR initiated the media relations campaign following inquiries from a different Fox reporter into Debtco's record with the Better Business Bureau. GCS-PR presented Fox with documentation that raised doubts about the BBB's allegations and we believe the negative story has been shelved.

Over the next several months, Debtco will communicate positive news about its success with helping consumers become debt free through a proactive media relations campaign, direct email and through its Web site.



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