



ENCORE CAPITAL GROUP, INC.

*WELL-POSITIONED, DEEP STRENGTHS,
DRIVING GROWTH*

2012 Investor Day
New York, NY

June 6, 2012

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CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

The statements in this presentation that are not historical facts, including, most importantly, those statements preceded by, or that include, the words “will,” “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 future operating results and growth. 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.

PRESENTING TODAY

Brandon Black

Chief Executive Officer

Dr. Christopher Trepel

Chief Scientific Officer

Paul Grinberg

Chief Financial Officer

Jack Nelson

President, Propel Financial Services

ENCORE IS A GROWING COMPANY WITH SOPHISTICATED OPERATIONS AND DEEP CONSUMER EXPERTISE



1 in 9 American consumers have accounts with us

2.5 million consumers have satisfied their obligations

\$800 million collected in the last twelve months

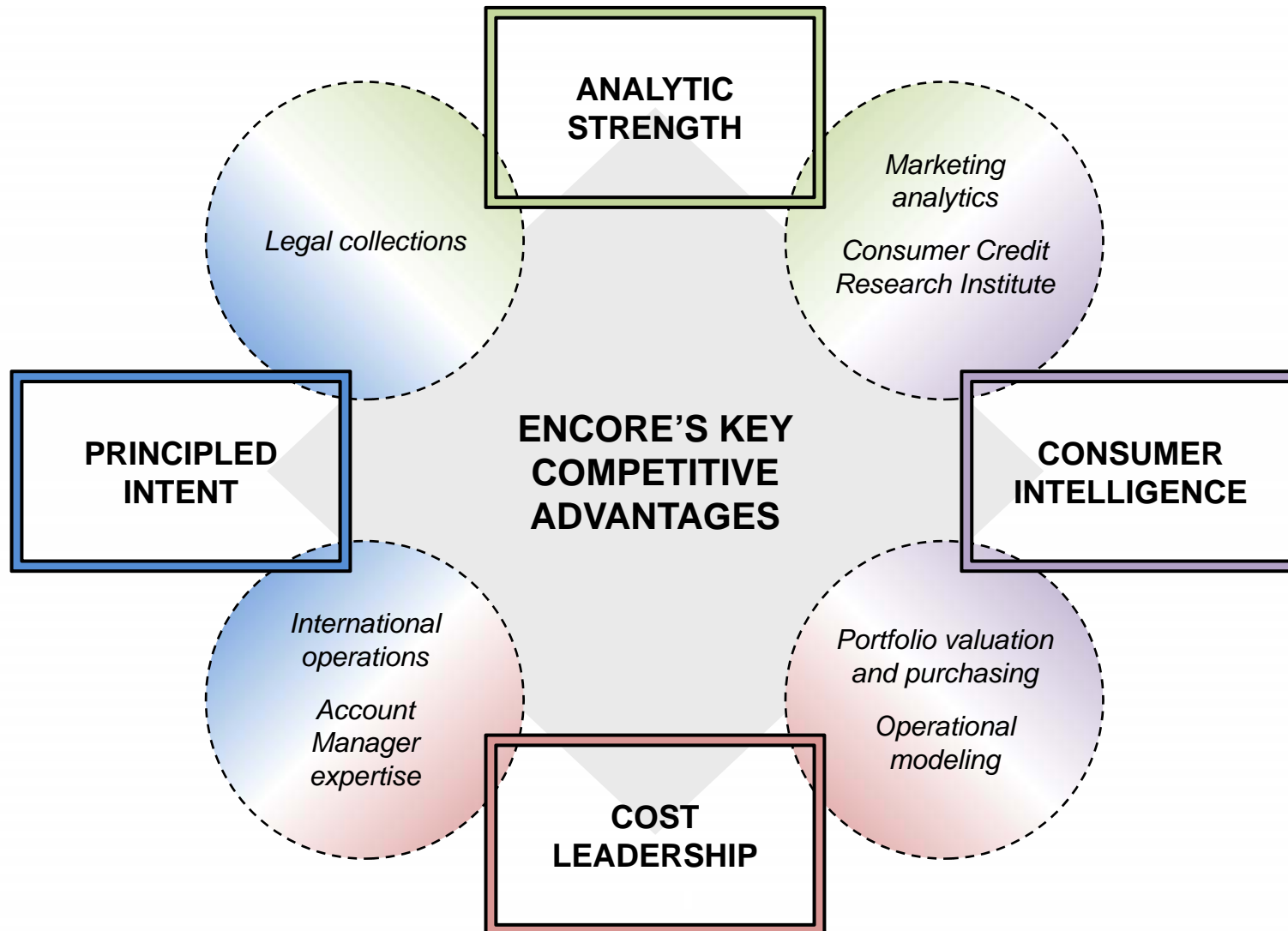
\$2 billion in estimated remaining collections

26% Adjusted EBITDA[†] 5-year compound annual growth rate

2,600 employees worldwide

[†] See endnote

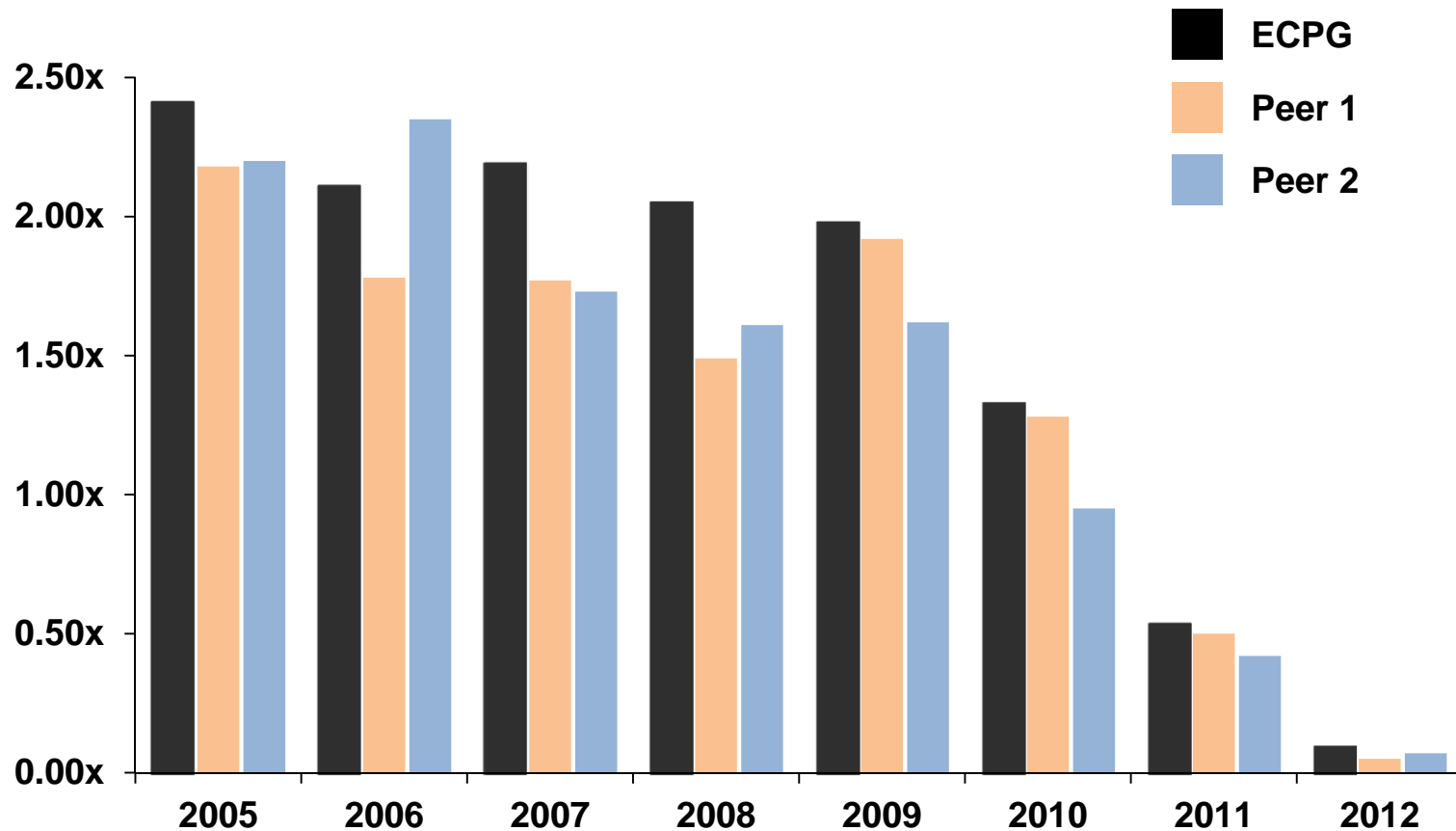
OUR SUCCESS IS DRIVEN BY OUR CORE COMPETENCIES



OUR VALUATION AND OPERATING CAPABILITIES HAVE ESTABLISHED ENCORE AS THE INDUSTRY LEADER

Cumulative actual collection multiples by vintage year, as of March 31, 2012

(Total collections / Purchase price)

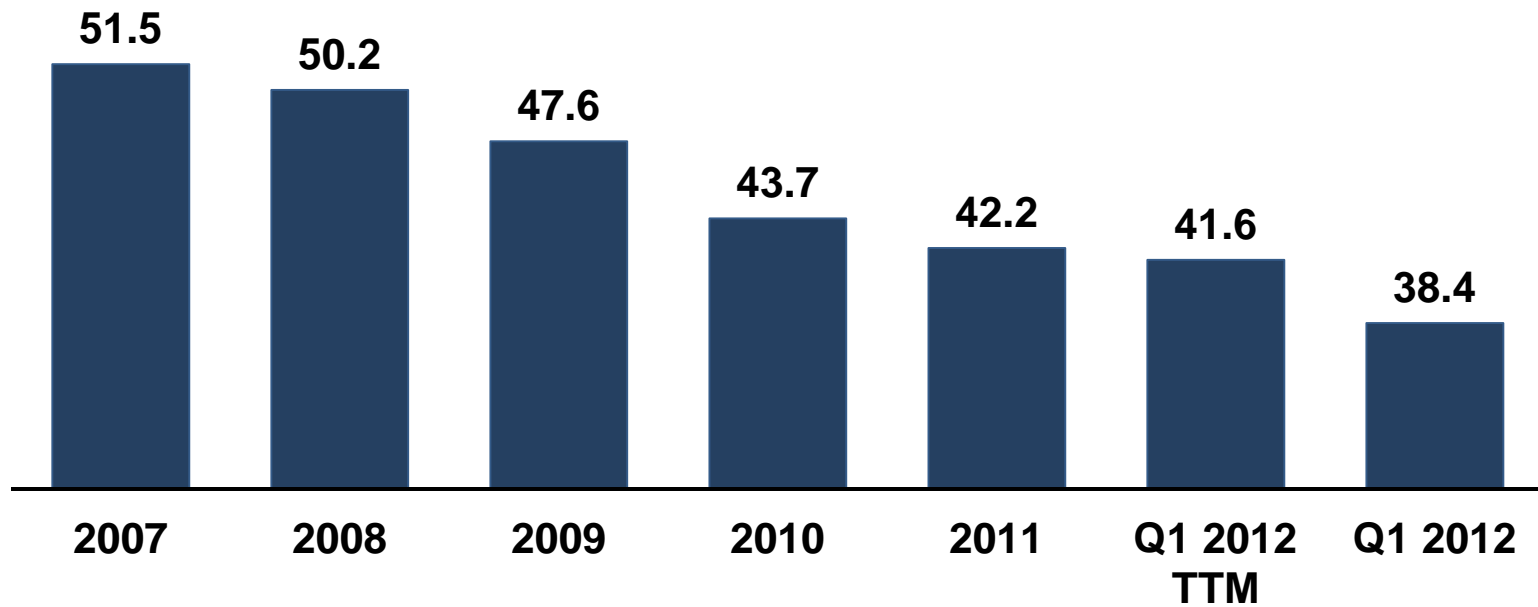


Source: SEC filings

AND THE DRAMATIC IMPROVEMENT IN OUR COST TO COLLECT HAS GIVEN US A KEY COMPETITIVE ADVANTAGE

Overall cost to collect

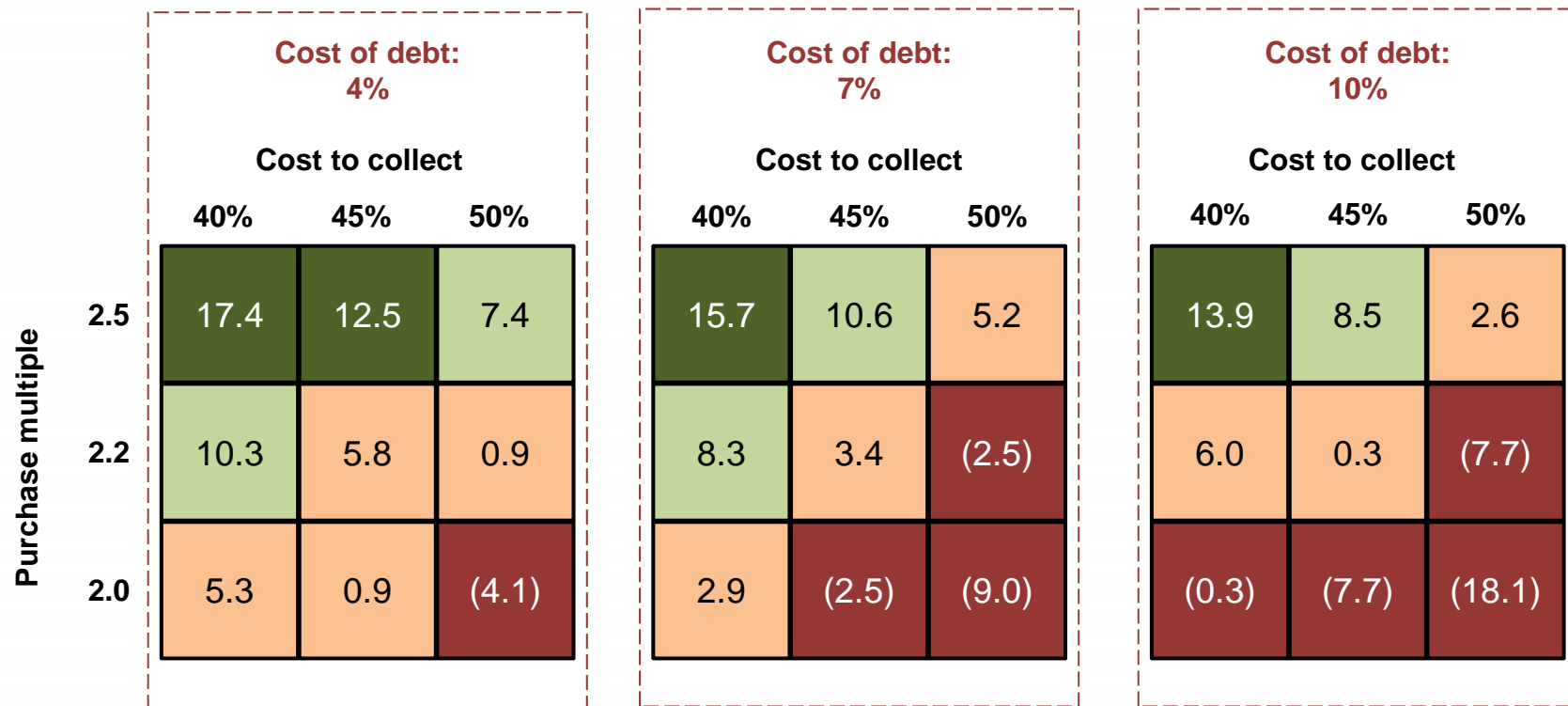
(%)



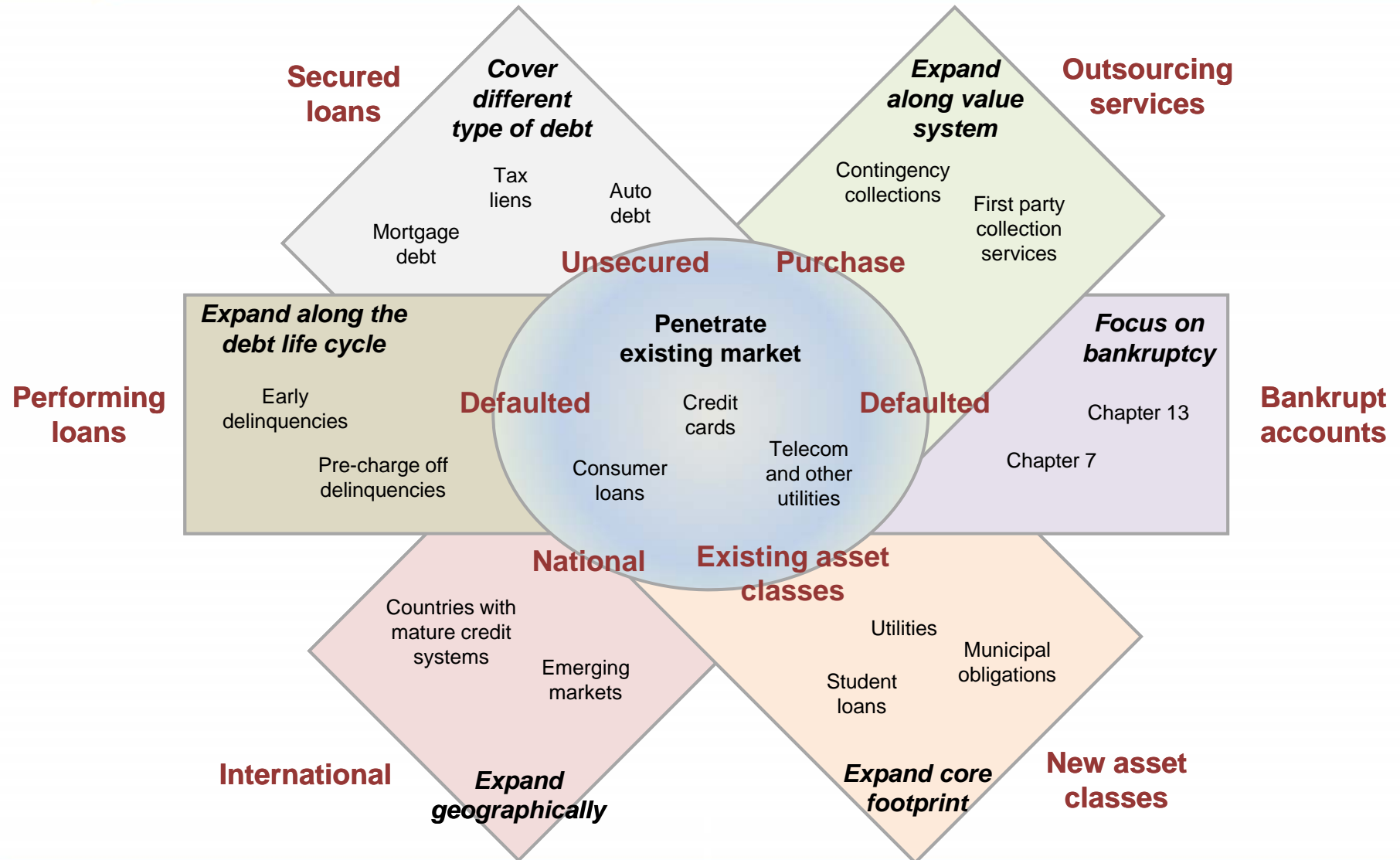
OUR OPERATING MODEL AND COST ADVANTAGES ALLOW US TO REMAIN PROFITABLE WHEN OTHERS CANNOT

Interplay of multiples with the costs of debt and collection

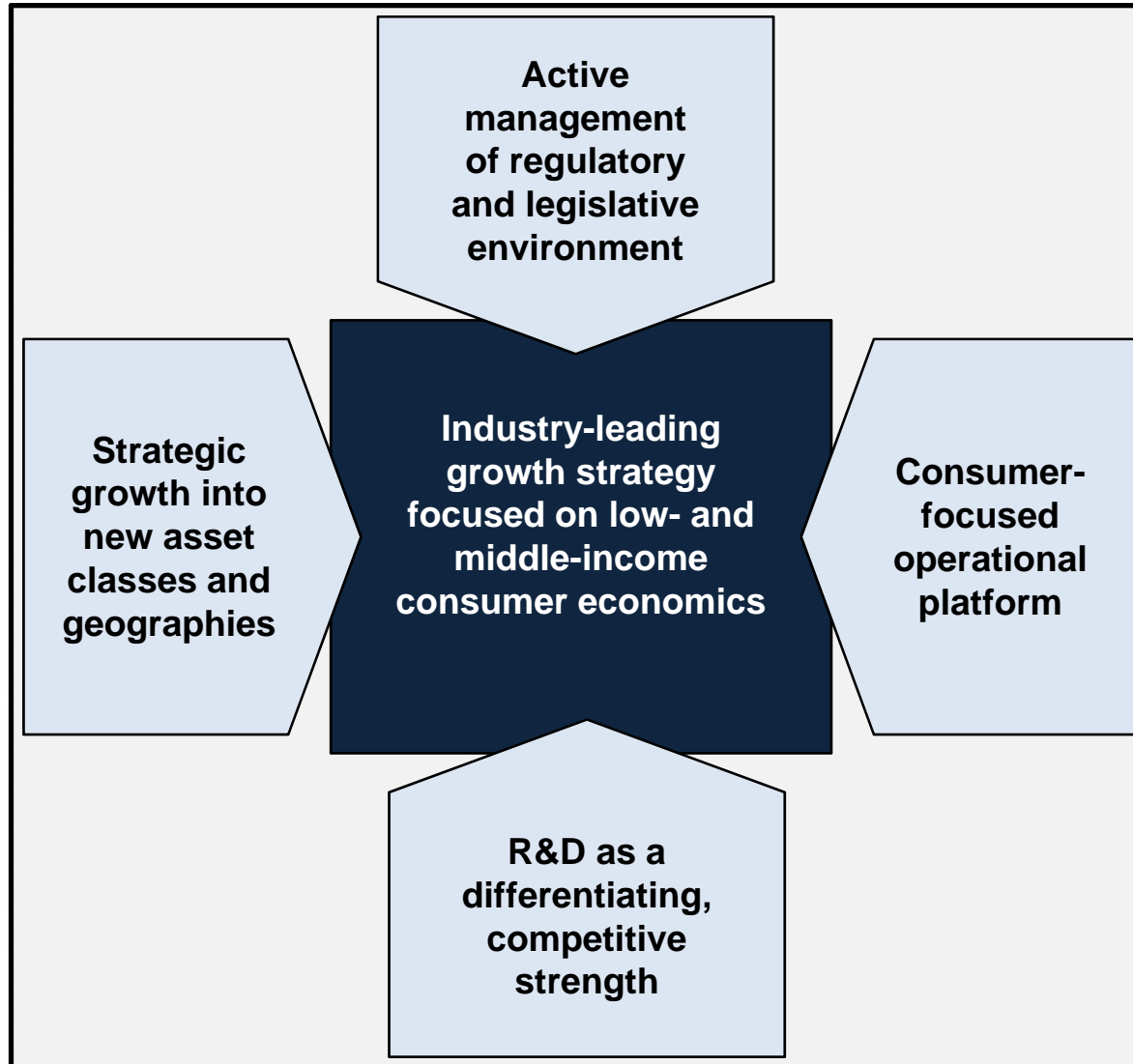
(Unlevered IRR)



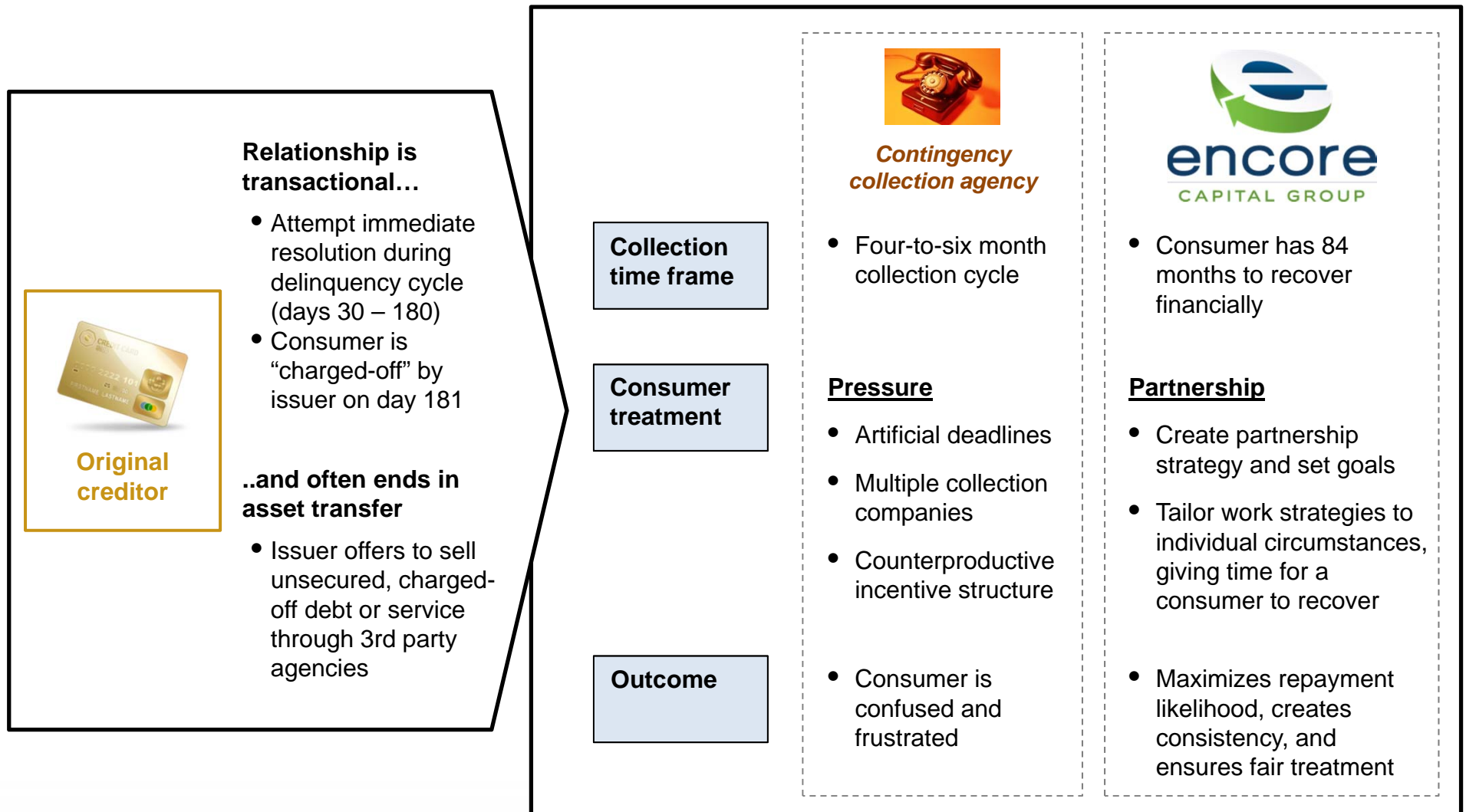
AS WE LOOK TO THE FUTURE, WE ARE EXPLORING WAYS TO LEVERAGE OUR CORE COMPETENCIES



TODAY, YOU WILL HEAR ABOUT FOUR KEY FACTORS IN OUR ONGOING SUCCESS



ENCORE PROVIDES AN ESSENTIAL SERVICE AND ITS MODEL SHOULD BECOME THE INDUSTRY STANDARD



WE INTRODUCED THE INDUSTRY'S FIRST CONSUMER BILL OF RIGHTS

ENCORE
CAPITAL GROUP

mcm
Mortgage Management, Inc.

CONSUMER BILL OF RIGHTS

In all that we do, we strive to treat consumers with respect and integrity. We are committed to engaging in dialogue that is respectful and constructive, creating solutions for our consumers that resolve their debt, and ensuring that those who work on our behalf adhere to these same standards. We operate in compliance with the laws that regulate our industry, and we hope to play an important and productive role in people's lives.

Article 1: Contacting Consumers in a Timely and Effective Manner

- At the outset of collection activity, we will send a debt validation notice informing the consumer that their account has been purchased, identifying the creditor that held the debt at default, clearly stating the balance owed, and giving the consumer an opportunity to both request further information and resolve the debt.
- Before sending the debt validation notice, we will use reasonable efforts to verify the consumer's current address.
- If any debt validation notice to a consumer is returned, we will disable that address, use reasonable efforts to verify the consumer's current address, and, if found, send another validation letter to the new address.
- All collection letters we mail to a consumer will identify the creditor that held the debt at default, the creditor's account number, and the current balance owed, along with other identifying information, as appropriate.

Article 2: Resolving Accounts Quickly and Honestly

- Our employees who interact with consumers will be trained on, and expected to comply with, applicable federal, state and local laws and regulations concerning fair and ethical collection practices. Employees' conduct in this regard will be monitored for compliance.
- When interacting with consumers, our employees will listen and work hard to understand their consumers' needs.
- Our employees will strive to develop and present innovative payment options that allow for the effective repayment of the obligation and accommodate the consumer's financial situation. Payment options will be discussed with the consumer in plain and simple language.

- Clearly states what consumers should expect from Encore

- Gives concrete assurance regarding Encore's conduct
 - Suspends interest during payment plans
 - Prohibits “robo-messaging”
 - Halts collections under certain circumstances

- Positions Encore as an industry leader
 - Sets the standard by which the industry should be judged

WHICH IS A CORNERSTONE OF OUR COMPREHENSIVE GOVERNMENT AFFAIRS STRATEGY

Consumer Financial Protection Bureau

- Have proactively met with the CFPB several times on policy matters
- Assembled compliance-focused task force with representation from all key areas across the company

State legislative landscape

- Leading active lobbying efforts in collaboration with other major industry players
- Have successfully informed bills across a number of states

State Attorneys General

- Building a working group in several states to address remaining questions
- Individual discussions continue with certain states

OPERATIONALLY, WE'RE BUILDING A PLATFORM THAT ENCOURAGES A DIFFERENT KIND OF RELATIONSHIP WITH OUR CONSUMERS

Addressing debt cycles

- Acknowledging the limitations of our consumers' household balance sheets
- Living the *Consumer Bill of Rights*

Making focused investments

- Creating specialized work groups
- Leveraging our industry-leading cost efficiency
- Increasing direct control over consumer experience

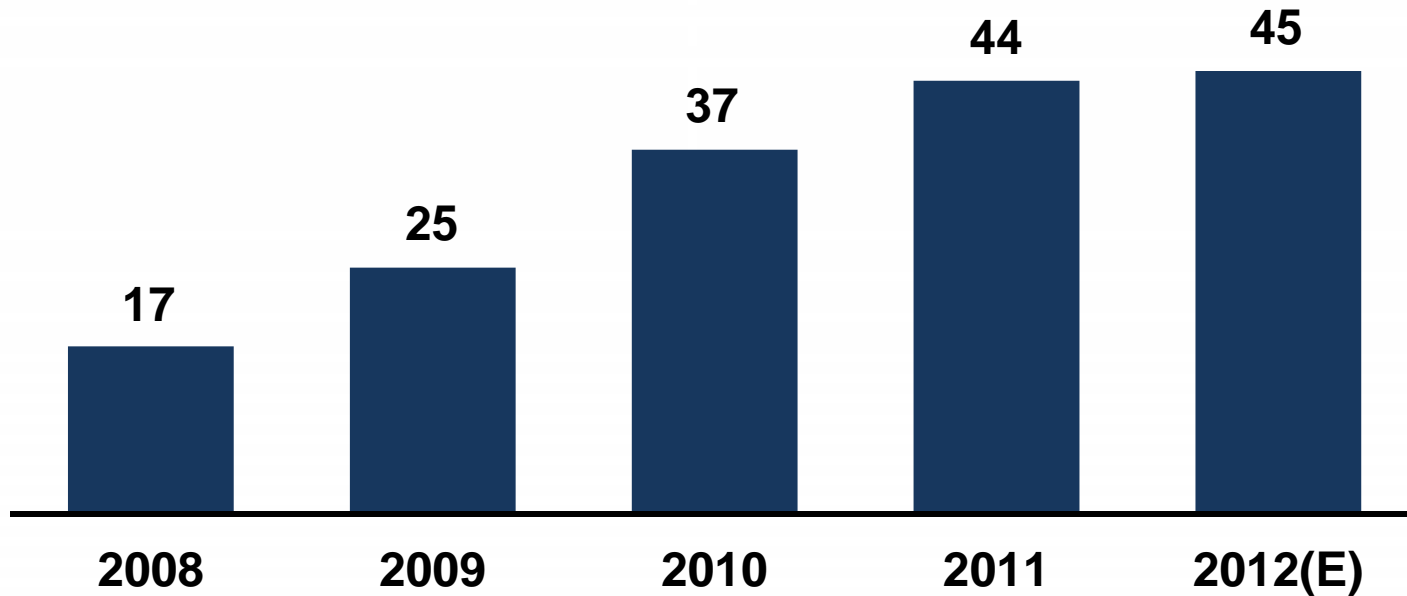
Improving consumer experience

- Using market-based surveys and tests to understand consumer satisfaction
- Partnering to develop new products and services
- Pointing consumers to the best external references

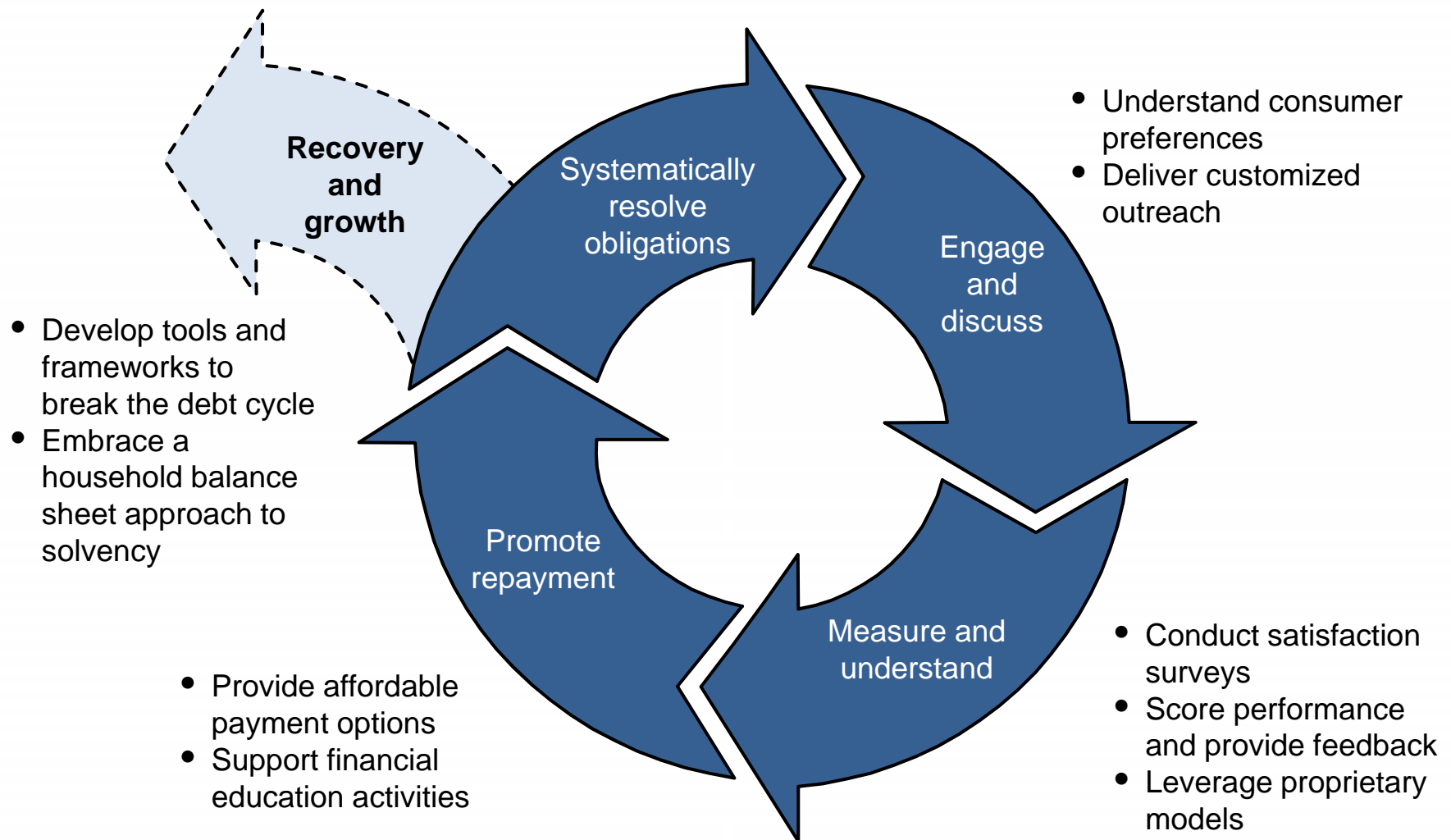
WE'VE SEEN A SIGNIFICANT INCREASE IN THE NUMBER OF CONSUMERS WITH MULTIPLE OBLIGATIONS

Multiple obligations held within new portfolios, by purchase vintage

(% of unique consumers)



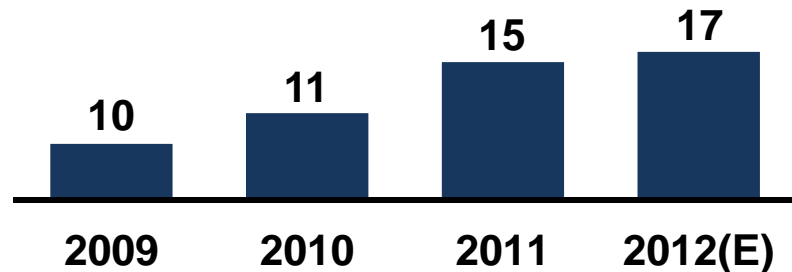
WE ARE MORE CLOSELY ALIGNING OUR ENGAGEMENT MODEL TO OUR CONSUMERS' NEEDS AND GOALS



WE'VE ESTABLISHED SPECIALIZED COLLECTION TEAMS TO OPTIMIZE REPAYMENT RATES AND CONSUMER EXPERIENCE

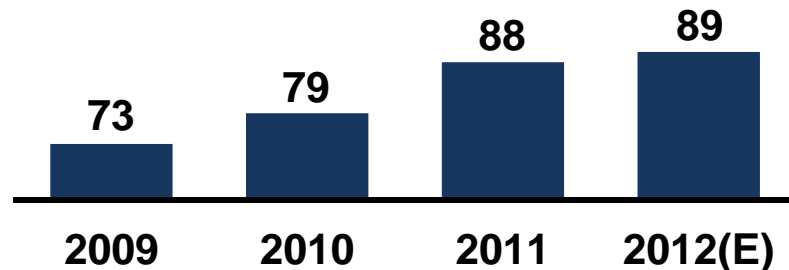
Increasing call center specialization

(Number of distinct teams)



Internal call center share of non-legal collections

(%)



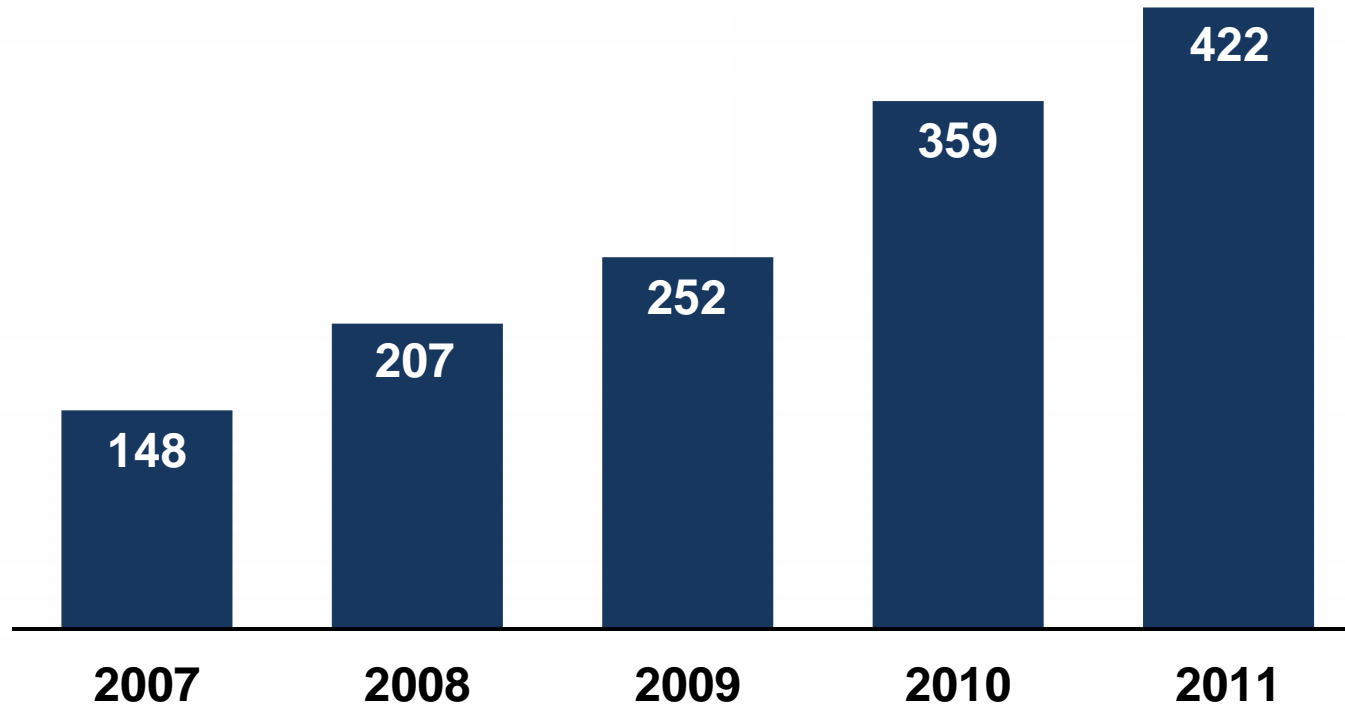
Increasing work group specialization and control allows for:

- Discounts that are better customized to consumer circumstance
- Increasing numbers of deep discounts for those consumers most in need

OUR CALL CENTER PRODUCTIVITY HAS STEADILY IMPROVED THROUGH SPECIALIZATION

Productivity of Phoenix Call Center

(Dollars collected per paid hour)



THE NEW PRODUCT OFFERINGS ESTABLISH A DIFFERENT DIALOGUE WITH CONSUMERS AND PROMOTE RECOVERY

	Able to pay	Unable to pay
Willing to pay	<ul style="list-style-type: none">• Maintain engagement• Develop a lasting relationship	<ul style="list-style-type: none">• Create hope and build goodwill• Provide support and tools
Unwilling to pay		<ul style="list-style-type: none">• No conversation

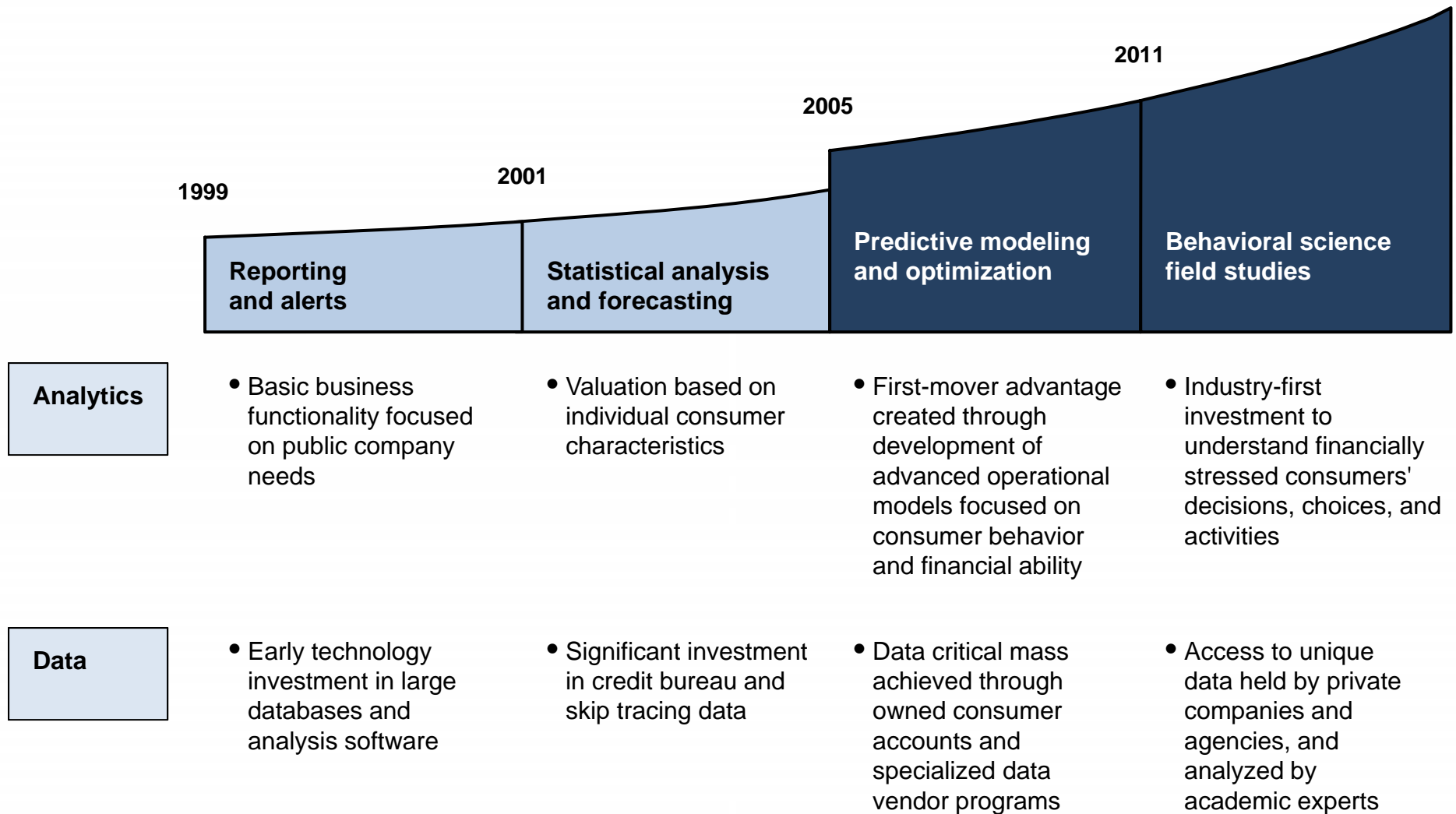
Products and frameworks in development

- New approaches to financial literacy challenges
- Validation of IPA's Borrow Less Tomorrow™ program
- Providing credit education

ANALYTICS AND BEHAVIORAL RESEARCH ARE FUNDAMENTAL TO OUR SUCCESS

Dr. Christopher Trepel
Chief Scientific Officer

UNDERSTANDING FINANCIALLY STRESSED CONSUMER BEHAVIOR IS AT THE HEART OF OUR COMPANY'S EVOLUTION



THIS IS CLEARLY SEEN IN OUR APPROACH TO ASSET VALUATION

High willingness
High capability

- Strong partnership and recovery opportunities



Encore's individual underwriting approach to portfolio valuation accommodates our specialized operational strengths

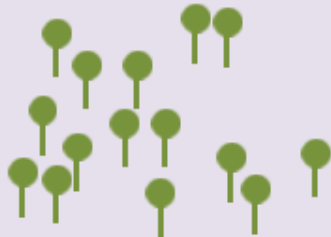
Low willingness
High ability

- Enforce legal contract through formal channels



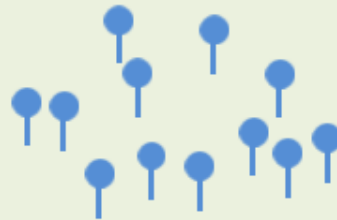
High willingness
Moderate capability

- Payment plans and opportunities to build longer relationships



High willingness
Low capability

- Significant discounts and many small payments



Low willingness
Moderate ability

- Remind consumers through legal messaging

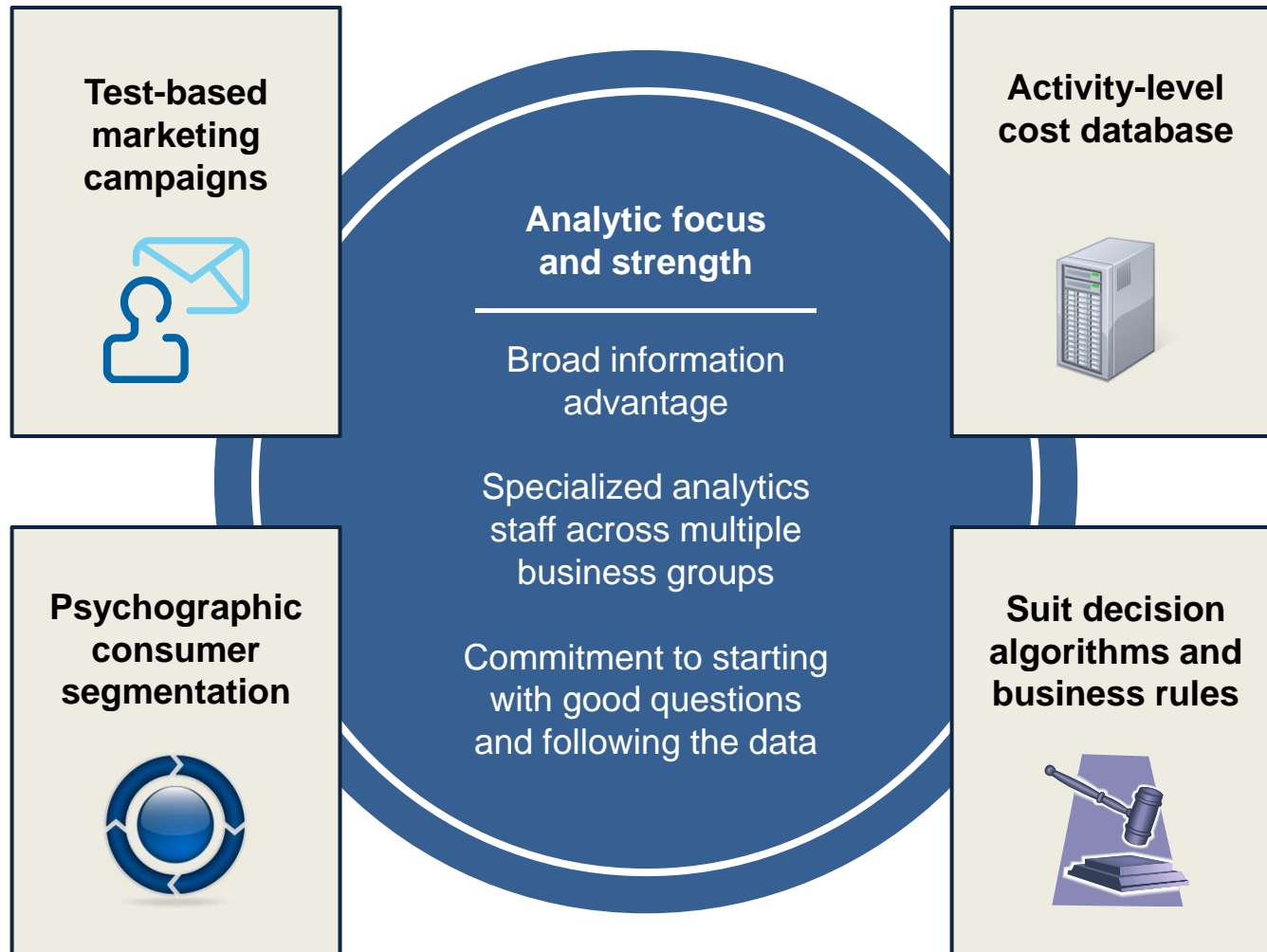


Low willingness
Low ability

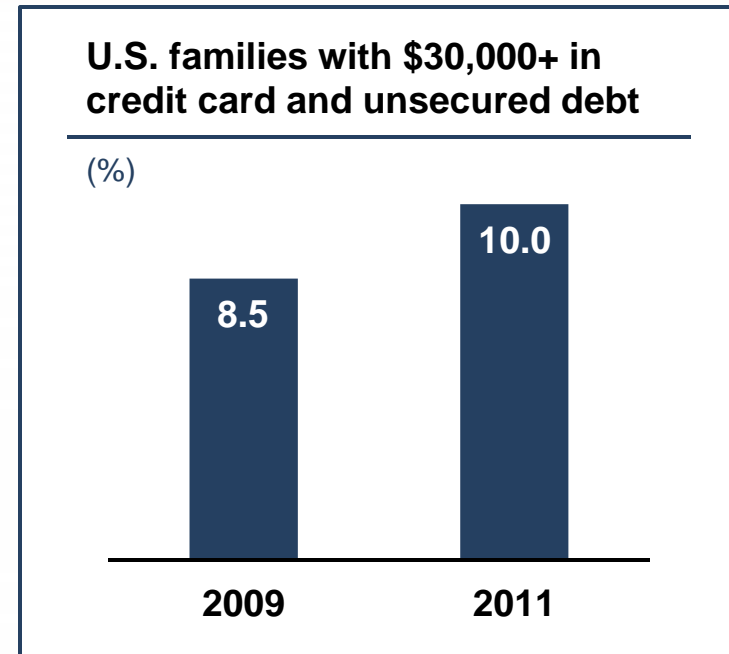
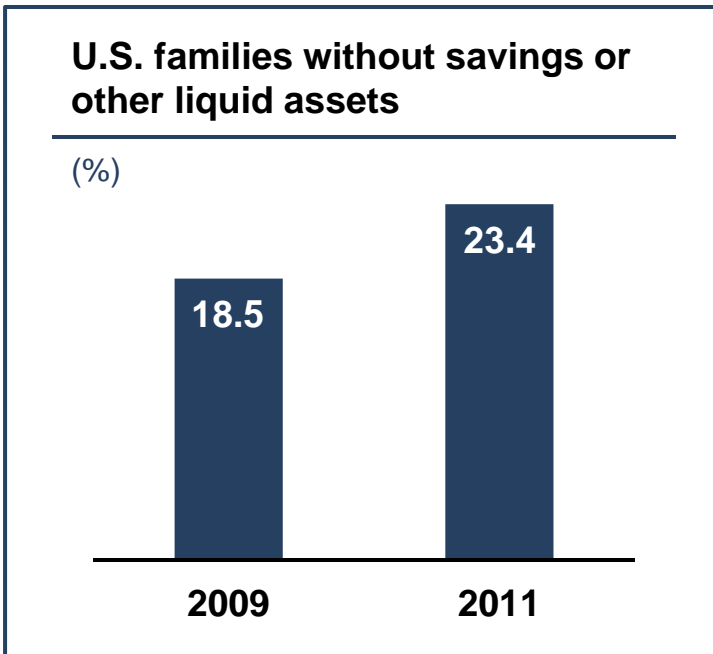
- Hardship strategies and warehousing



COMMITMENT TO ANALYTIC RIGOR UNDERPINS EVERY ASPECT OF OUR OPERATIONAL STRATEGY



THE DEMAND FOR INFORMATION AND NEW THINKING ABOUT CONSUMER FINANCIAL BEHAVIOR HAS NEVER BEEN STRONGER

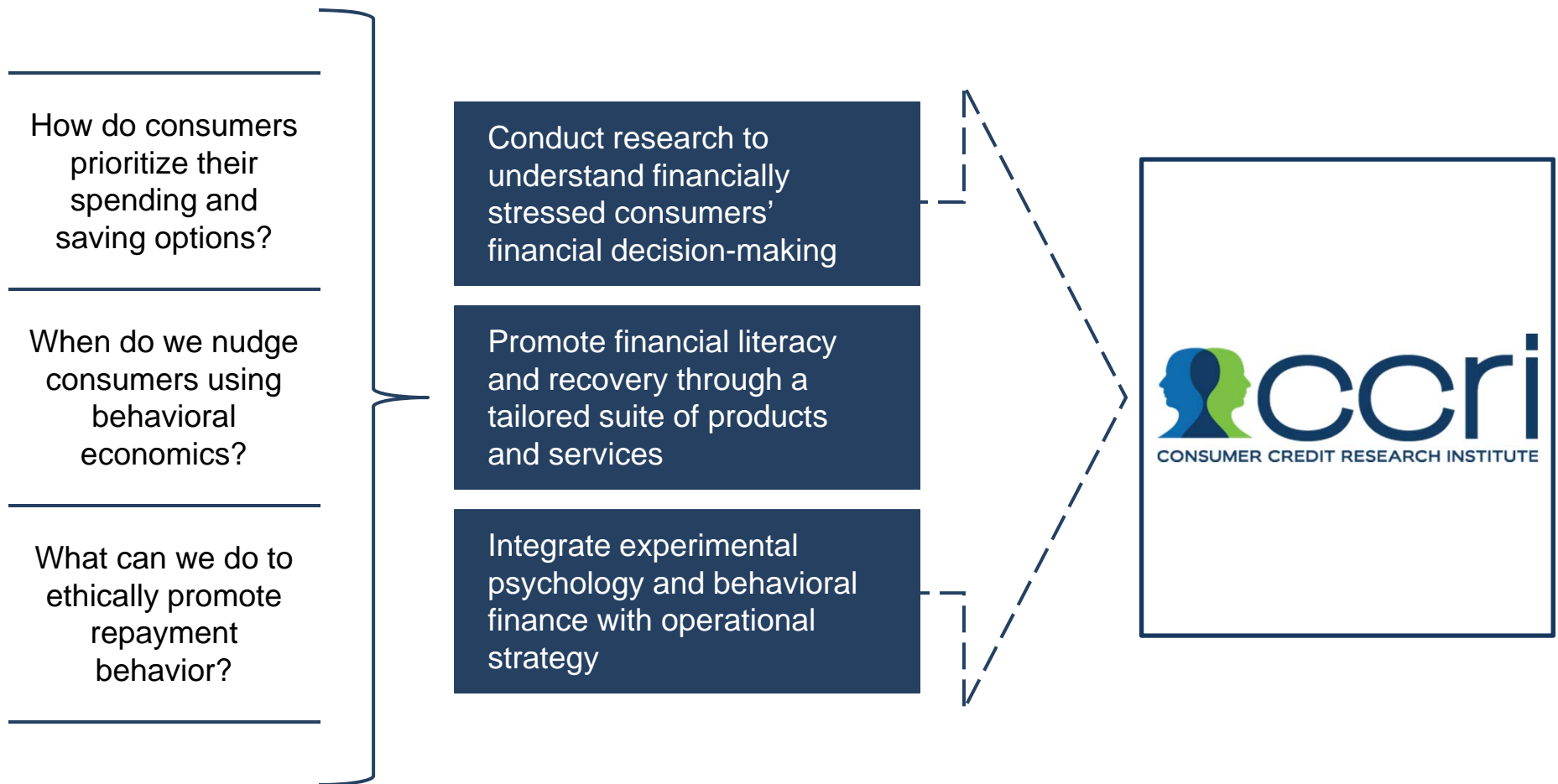


Low- and middle-income consumers were hit especially hard during the 2008 recession and are continuing to struggle financially

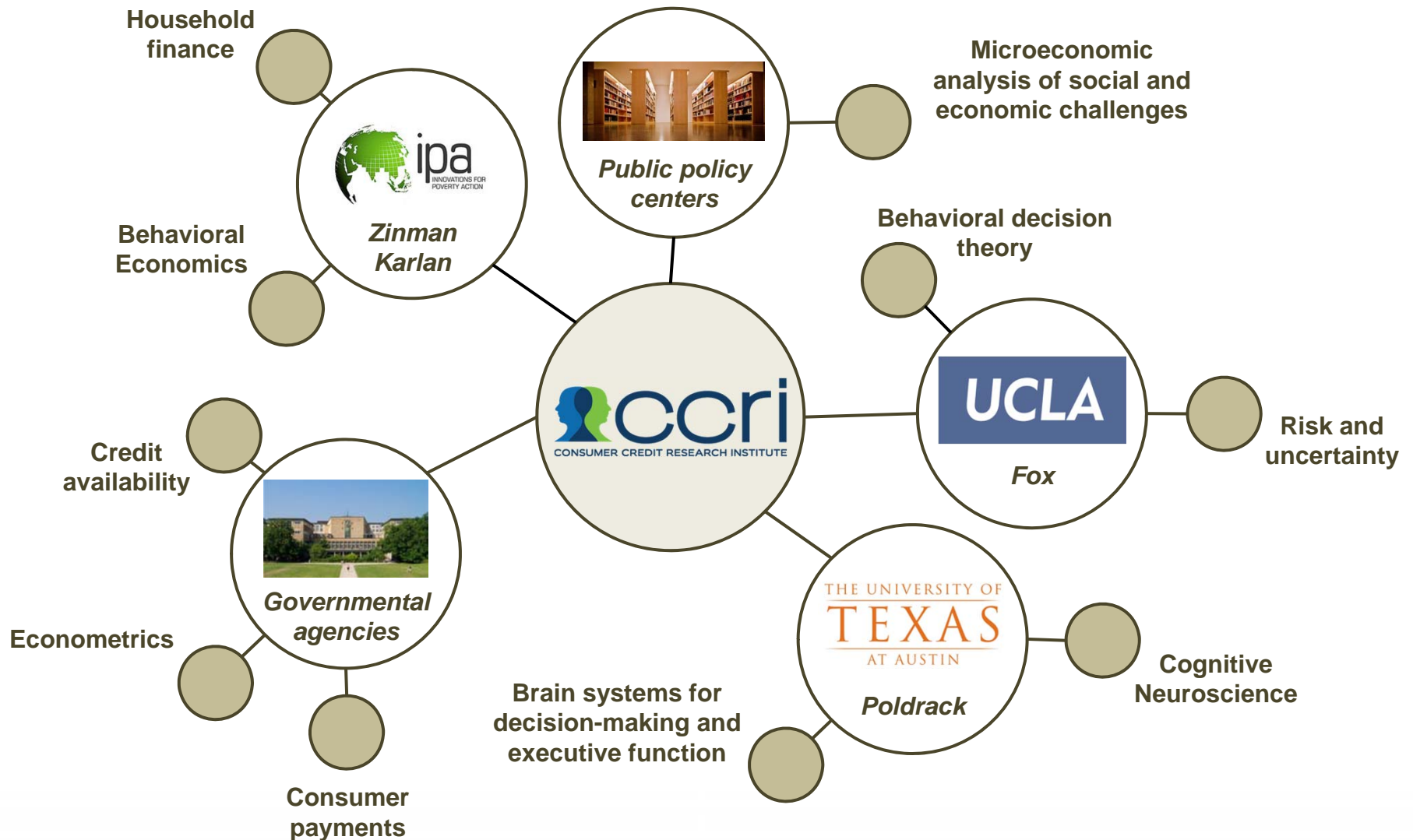
Debt repayment is essential to improve household balance sheet stability and insulate families against insolvency

Source: Stafford et al. (May 2012) *Mortgage Distress and Financial Liquidity: How U.S. Families are Handling Savings, Mortgages and Other Debts*. Survey Research Center, Institute for Social Research, University of Michigan.

WE MAXIMIZE OUR IMPACT BY ASKING IMPORTANT QUESTIONS ABOUT CONSUMERS AND THEIR CIRCUMSTANCES



WE ARE COLLABORATING WITH LEADING INSTITUTIONS TO AUGMENT OUR SCIENTIFIC EXPERTISE



OUR RESEARCH PIPELINE IS ROBUST AND FOCUSED ON BOTH TRADITIONAL AND NOVEL PROGRAMS

Program	Focus	Concept	Planning	Pilot Study	Full Study	Application
Consumer parametrics	<ul style="list-style-type: none"> Scientific understanding of consumer decision triggers and biases 	[Progress bar spanning Concept and Planning]				
Settlement economics	<ul style="list-style-type: none"> Supply and demand factors that shape repayment behavior 	[Progress bar spanning Concept and Planning]				
Model enhancement	<ul style="list-style-type: none"> Describe consumer trajectories to enhance operational strategies 	[Progress bar spanning Concept and Planning]				
Information mapping	<ul style="list-style-type: none"> Combining data sets to reveal new variable inter-relationships 	[Progress bar in Concept]				
Debiasing platforms	<ul style="list-style-type: none"> Develop new tools to improve consumer decision-making 	[Progress bar spanning Concept and Planning]				
Credit availability	<ul style="list-style-type: none"> Understand the effect of collections on credit availability and repayment 	[Progress bar in Concept]				

OUR INNOVATIVE RESEARCH AND DEVELOPMENT PLATFORM WILL CREATE SIGNIFICANT NEW VALUE FOR ENCORE

Valuation and purchasing

- Identify hidden portfolio segments that carry incremental, new value and every additional opportunity to bid safely and aggressively
- Provide additional valuation protection against weak portfolios and bidding protection against overpayment

Operations

- Drive new insights by combining traditional sources of data (e.g., issuer, credit bureau, prior affiliation) with direct consumer surveys, data mining, and psychographic information
- Inform and guide highly rigorous marketing tests that pinpoint consumer repayment triggers

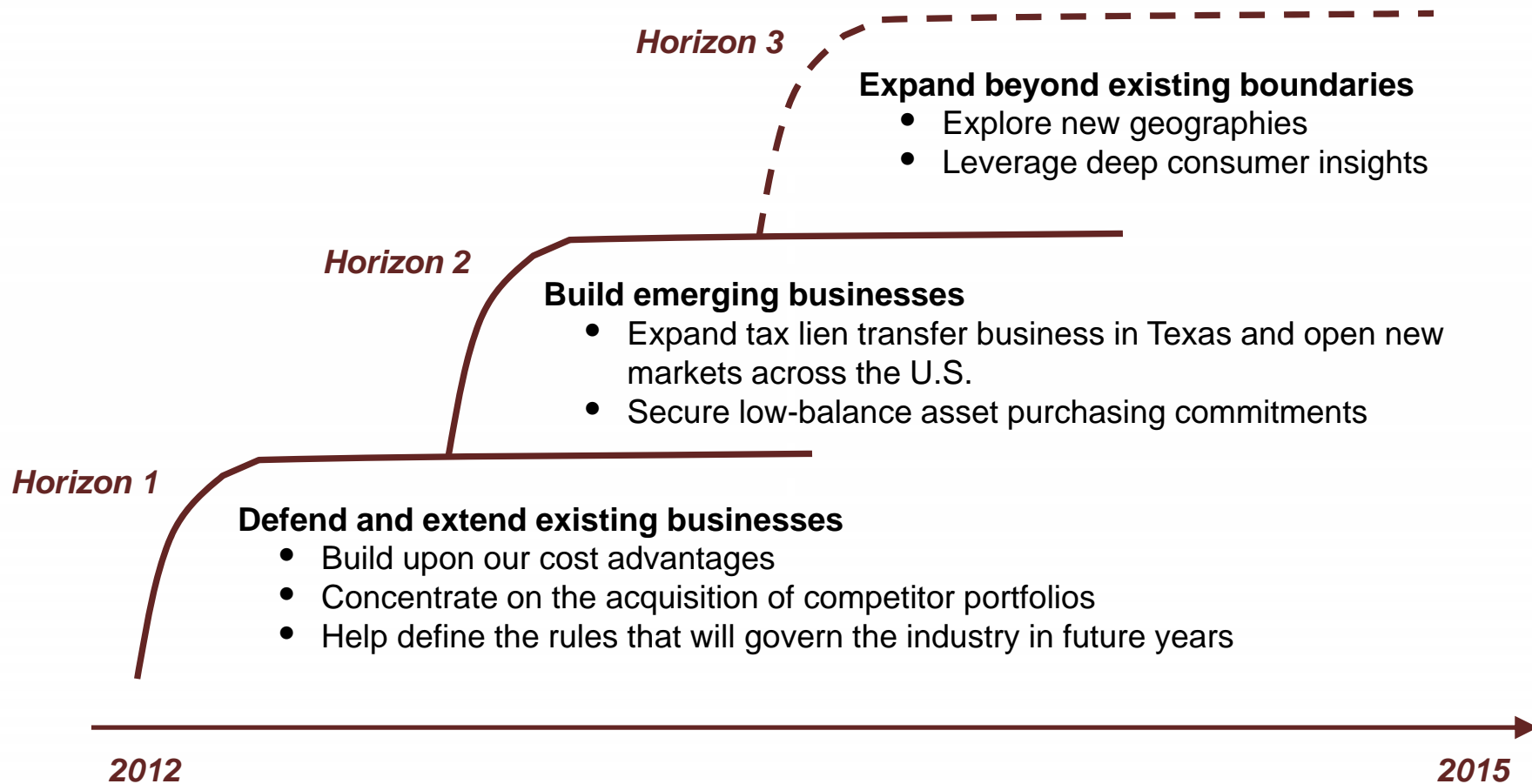
Policy and regulation

- Provide new basis for a “seat at the table” with governmental, policy center, and non-profit constituencies
- Encourage third parties to think differently about Encore’s goals and motives

RECENT STRATEGIC TRANSACTIONS POSITION US WELL FOR OUR NEXT STAGE OF GROWTH

Paul Grinberg
Chief Financial Officer

WE THINK ABOUT GROWTH OVER THREE HORIZONS



IN THE LAST 30 DAYS, WE'VE MADE THREE KEY STRATEGIC MOVES

Encore's largest portfolio acquisition

Our analytical and operating advantages enabled the successful valuation and integration of the large purchase

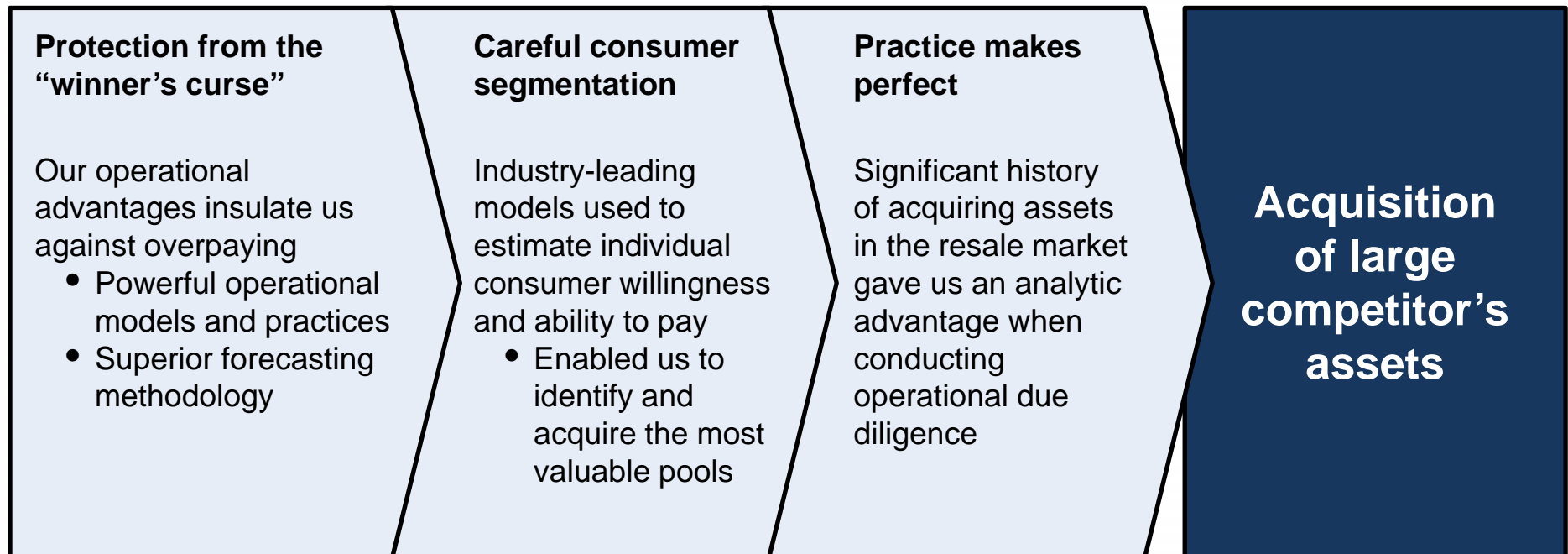
Divestiture of our bankruptcy servicing subsidiary

We transitioned Ascension Capital Group to a capable owner with expertise in the bankruptcy space

Acquisition of Propel Financial Services

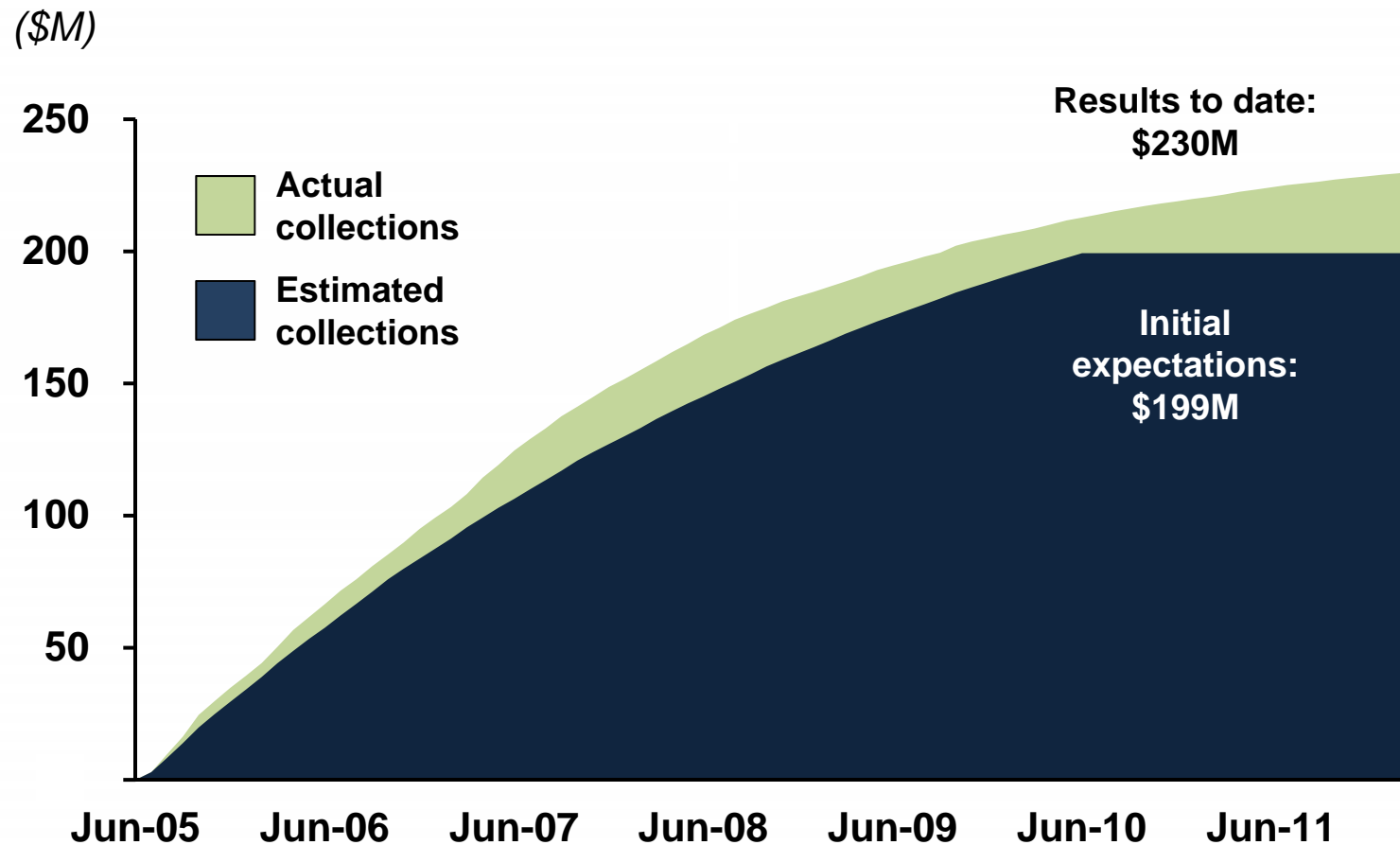
We identified and pursued a strong cultural and strategic fit that lends itself to strong long-term growth

ENCORE IS WELL POSITIONED TO PROVIDE A SOLUTION FOR COMPETITORS WHO EXIT THE MARKET



OUR CONFIDENCE IS TIED TO THE SUCCESSFUL COMPLETION OF ONE OF THE INDUSTRY'S FEW DEALS OF THIS SIZE

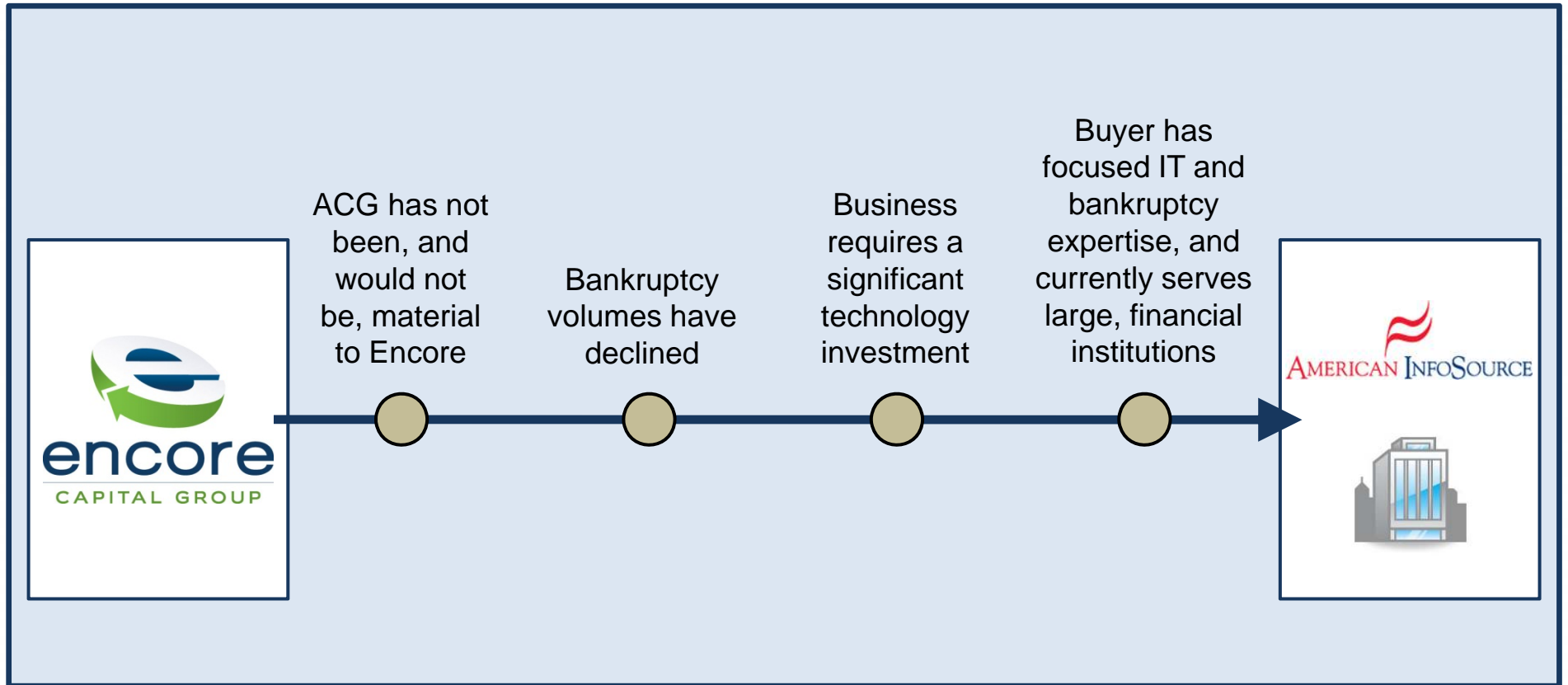
\$90M portfolio purchase in 2005, cumulative collections



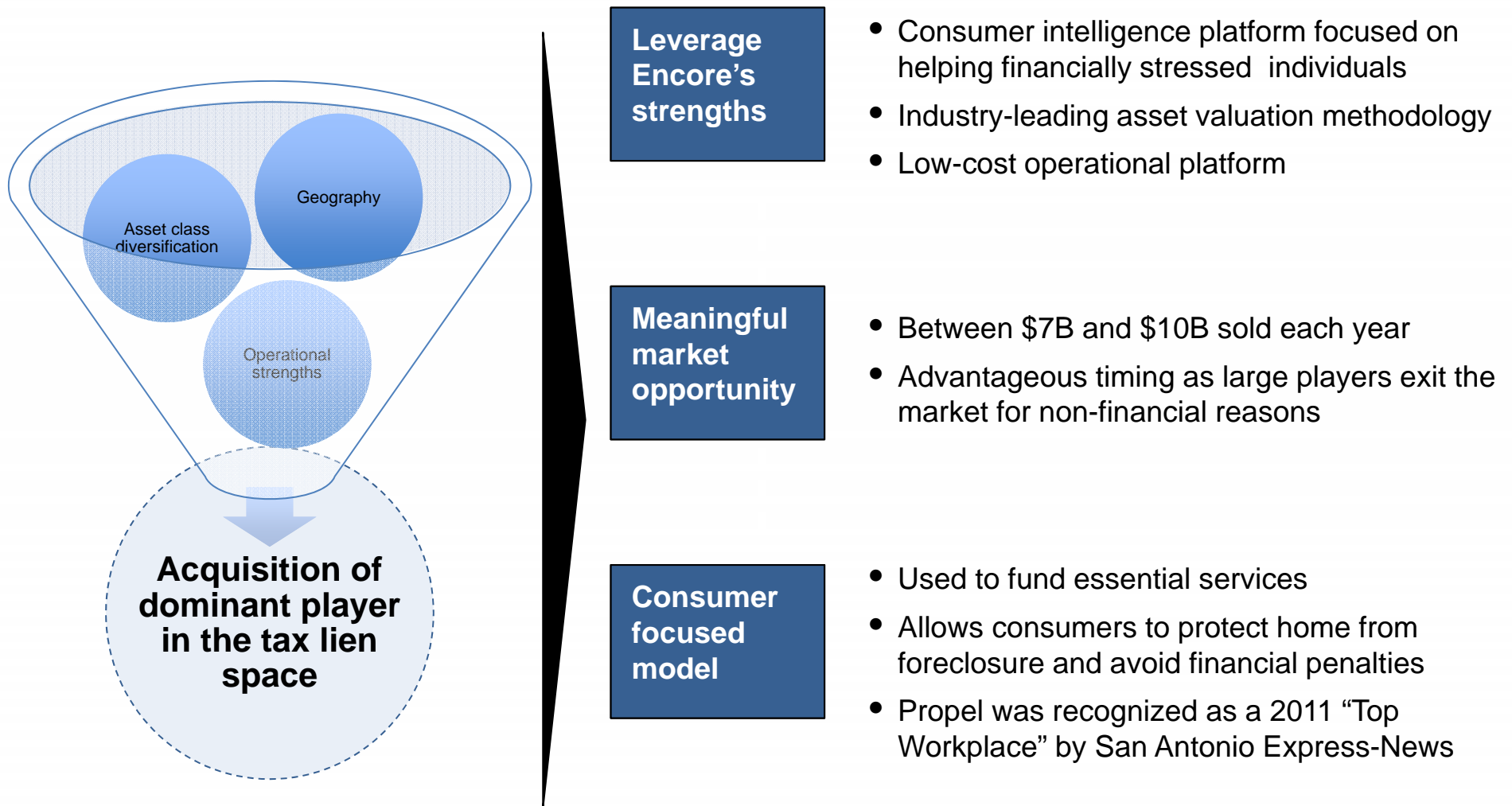
OUR OPERATIONAL STRENGTHS ARE UNIQUELY SUITED TO EXECUTING COMPLEX DEALS



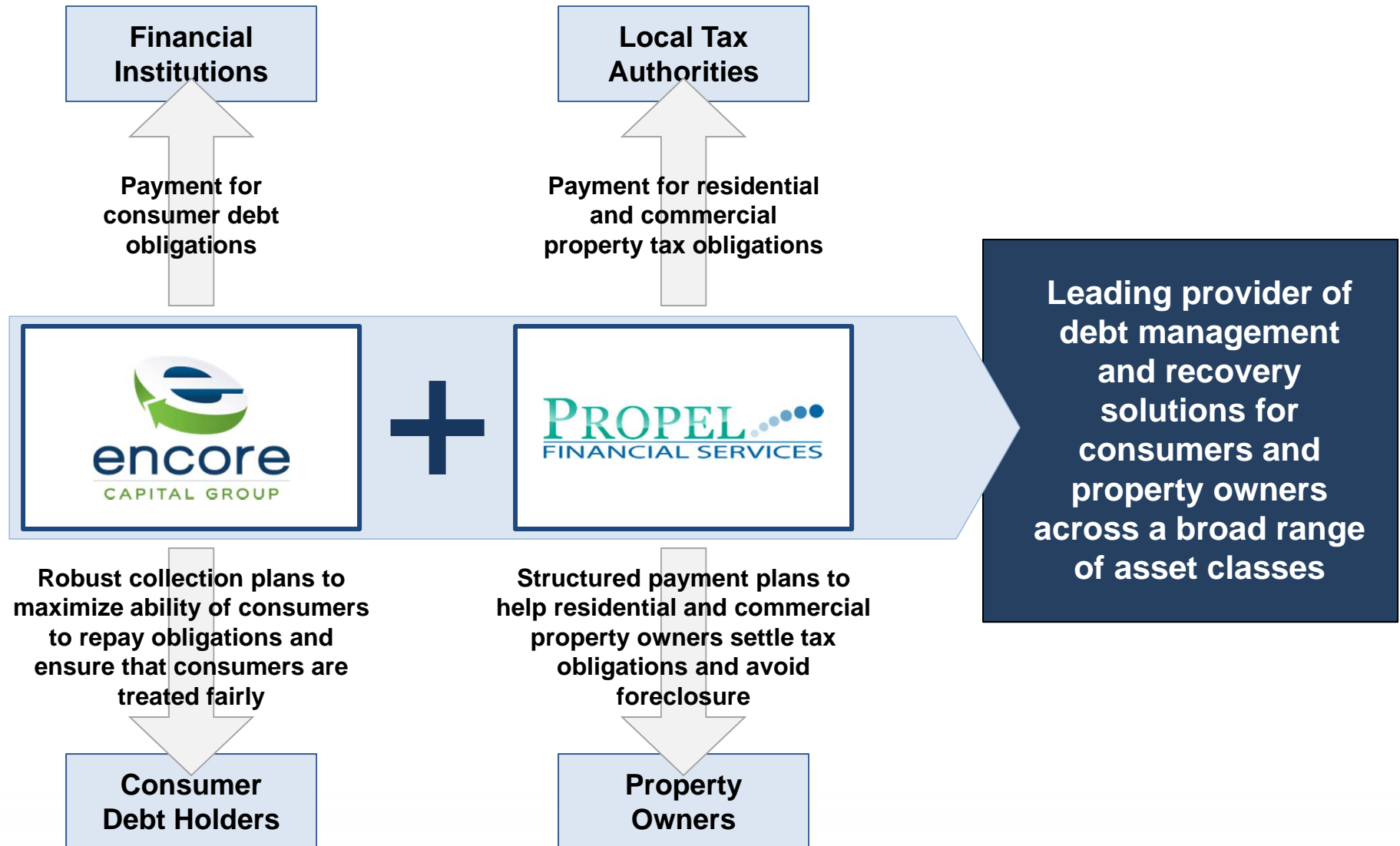
WE HAVE TRANSITIONED OUR BANKRUPTCY BUSINESS TO A BETTER-SUITED OWNER



WE STUDIED MANY MARKETS AND GEOGRAPHIES BEFORE FINDING AN OPPORTUNITY THAT SATISFIED OUR ACQUISITION CRITERIA



THE BUSINESS MODELS ARE VERY SIMILAR, AS BOTH PROVIDE ESSENTIAL SERVICES FOR CONSUMERS AND CREDITORS



OUR BALANCE SHEET REMAINS STRONG

Covenant analysis*

(\$M)	2010	2011	Pro forma [‡] Q1 2012 TTM
Cash flow leverage ratio			
Debt	385.3	389.0	715.5
Trailing 4-quarter Adjusted EBITDA [†]	346.7	445.0	515.4
Debt/Adjusted EBITDA* (maximum 2.0x)	1.11	0.87	1.39
Minimum net worth			
Excess room	95.1	133.5	140.7
Interest coverage ratio			
EBIT/interest expense (minimum 2.0x)	5.0	5.7	4.8

* Subject to adjustments at closing based on originations and collections

‡ Encore only for 2010 and 2011; pro forma includes Encore with May 2012 competitor portfolio purchases and Propel Financial Services acquisition

† See endnote

WITH PROPEL, WE'VE ACQUIRED EXPERTISE, AN INDUSTRY-LEADING PLATFORM, AND A HIGHLY PROFITABLE PORTFOLIO

Strong portfolio and platform

- Opportunities to leverage Encore's core strengths

Similar economics to core business

- Used DCF analysis to value acquisition

Smooth earnings profile

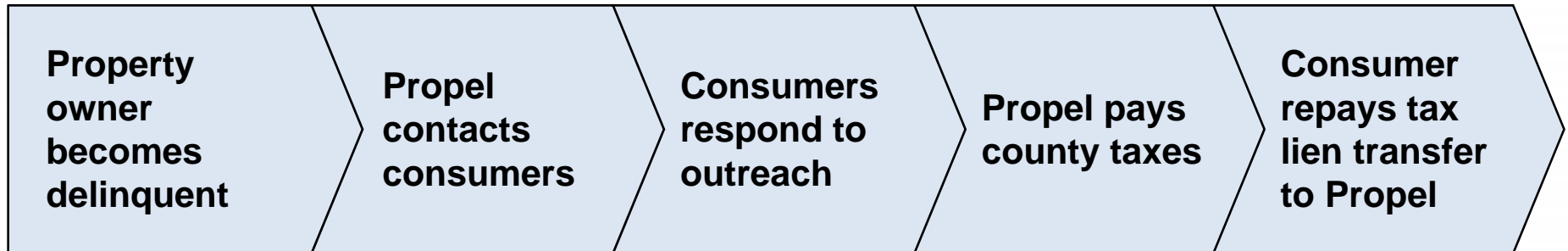
- Fast-growing, highly secure \$140M portfolio, earning >13% interest

Acquisition characterized by complementary strengths, very strong economics, and significant growth potential

INTRODUCING PROPEL FINANCIAL SERVICES

Jack Nelson
President, Propel Financial Services

WE WORK WITH CONSUMERS THROUGH A WELL-DEFINED PROCESS



- Delinquent Tax Roll (DTR) created on February 1st
- 48% statutory penalty fee timeline begins

- The DTR is released by the counties
- Direct mail marketing campaigns begin

- Property owners contact Propel and apply for tax lien transfers
- Propel negotiates an appropriate repayment plan

- Propel pays delinquent county taxes
- County records and transfers tax lien rights to Propel

- Consumer makes monthly payments to Propel
- Propel services the accounts directly

OUR PRODUCT CREATES BENEFITS FOR ALL CONSTITUENTS

Property owners

- Stop the accruing of penalties
- Get time to repay their obligation
- Avoid foreclosure
- Obtain peace of mind

Tax authorities

- Collect otherwise delayed revenue
- More funds become available for essential services like schools and hospitals
- Maintain positive relationships with constituents

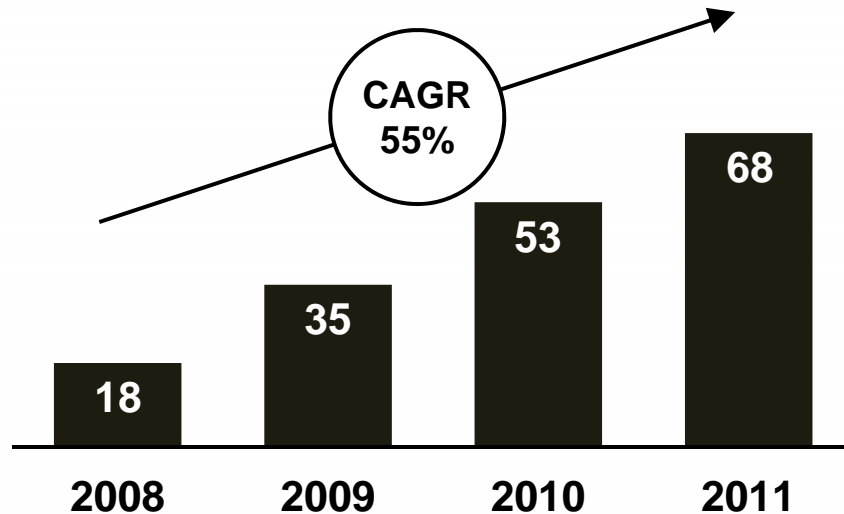
Secured lenders

- Preserve equity values
- Avoid costly foreclosure proceedings and potential REOs

WHICH HAS ALLOWED US TO GROW OUR PORTFOLIO WHILE MAINTAINING AN EXCEPTIONALLY LOW RISK PROFILE

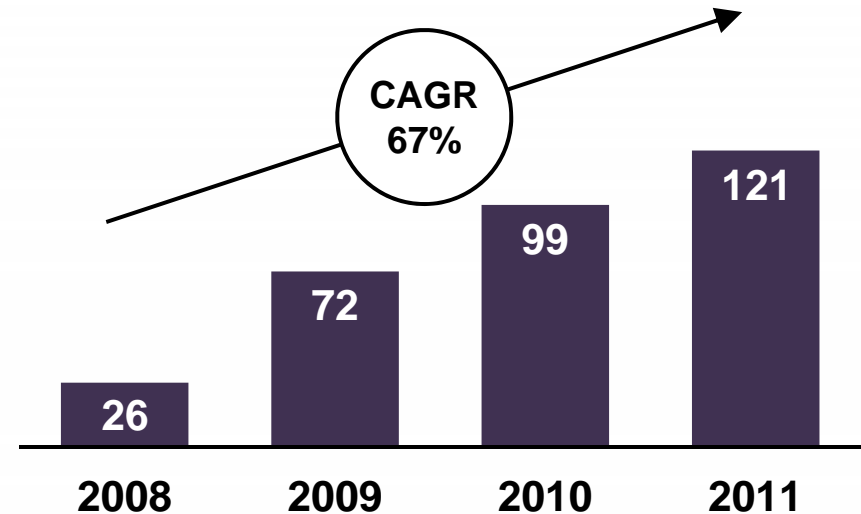
Propel originations

(\$M)



Propel portfolio size

(\$M)



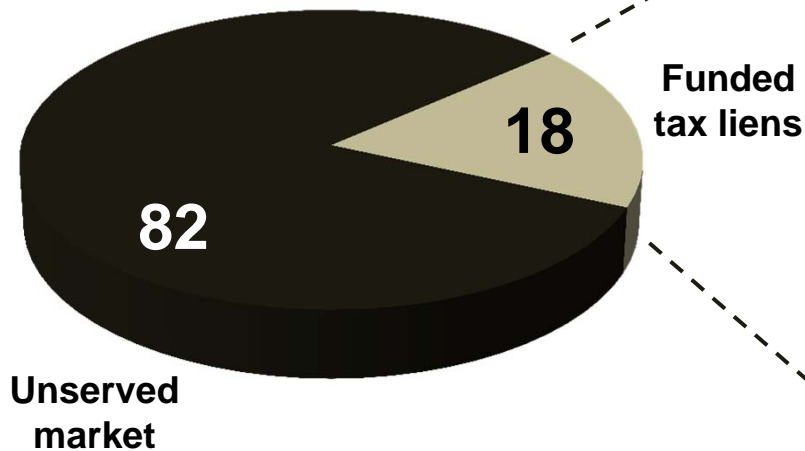
Residential portfolio characteristics

- \$6,000 average balance
- 7-year term
- 3.5-year weighted average life
- 13-14% typical interest rate
- \$180,000 average property value
- 4% average LTV
- 0.3% foreclosure rate
- Zero losses

THE COMPETITIVE LANDSCAPE IS FAVORABLE AND THE TEXAS MARKET IS LARGE AND RELATIVELY UNTAPPED

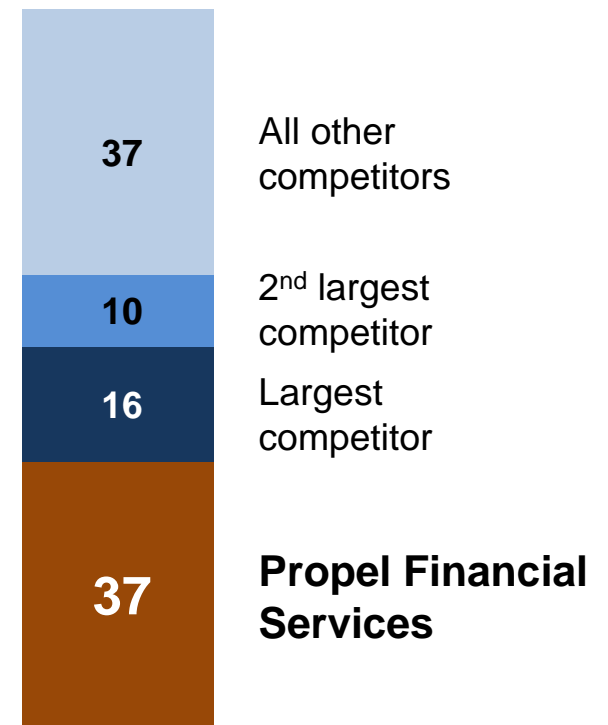
2011 market penetration

(%)



Propel market share

(Originations, %)



WE WILL LEVERAGE SOME OF ENCORE'S CORE COMPETENCIES TO DRIVE GROWTH



Customer support

Encore's robust call center operations will allow us to provide broader inbound and outbound customer acquisition and support services



Direct mail marketing

Applying Encore's in-depth marketing analytics will improve ROI on direct mail campaigns



Consumer analytics

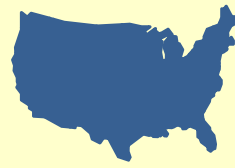
Leveraging Encore's industry-leading consumer analytics will strengthen our ability to underwrite and provide service to our customers

WE PLAN TO EXPAND IN OUR CORE MARKET AND INTO OTHER STATES



Existing market

Working to penetrate the 80% of the Texas market that has yet to use a tax lien transfer



New markets

Lobbying to introduce legislation in other states that will create new markets



New opportunities

Exploring alternative tax lien models that will allow us to expand into new markets

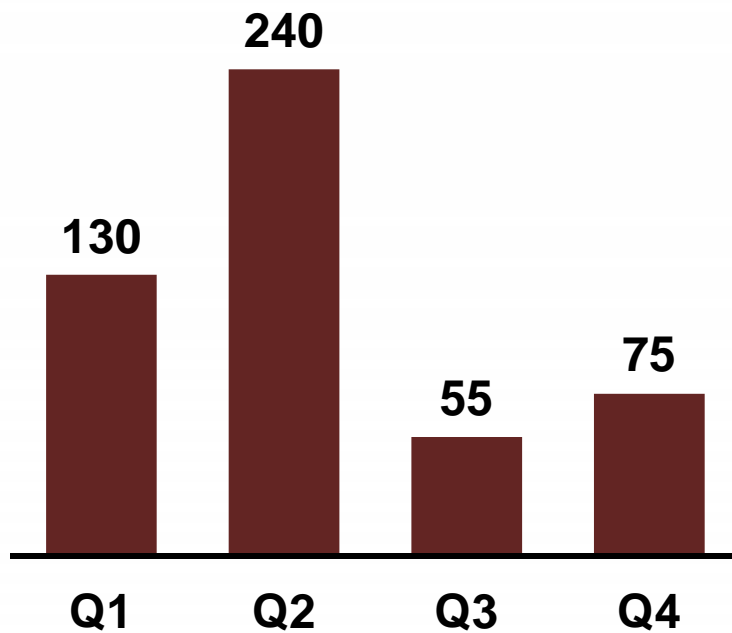
SUMMARY AND CONCLUSION

Brandon Black
President and Chief Executive Officer

ON A NORMALIZED BASIS, WE EXPECT TO DEPLOY NEARLY \$500 MILLION THIS YEAR

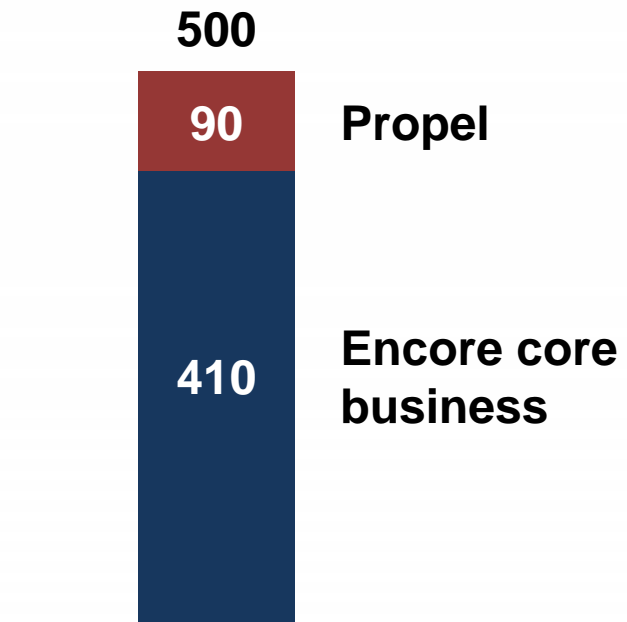
2012 purchasing outlook

(\$M)



2012 normalized capital deployment

(\$M)



ENCORE'S LONG-TERM PROSPECTS CONTINUE TO BE STRONG AND ARE GAINING STRENGTH

- **Operating results continue to be strong and are exceeding our internal projections**
- **Significant purchases in the second quarter will drive growth throughout 2012 and into 2013**
- **Working collaboratively with legislators and policymakers to shape the future of the collection industry**
- **Acquisition of the market leader in tax lien transfer business provides flexibility for future purchase needs**

ENDNOTE

- † The Company has included information concerning Adjusted EBITDA because management utilizes this information in the evaluation of its operations and believes that this measure is a useful indicator of the Company's ability to generate cash collections in excess of operating expenses through the liquidation of its receivable portfolios. Adjusted EBITDA has not been prepared in accordance with generally accepted accounting principles (GAAP). The Company has included a reconciliation of Adjusted EBITDA to reported earnings under GAAP, in the financial tables included in the Appendix, and in the Company's Form 8-K filed today.



APPENDIX

RECONCILIATION OF ADJUSTED EBITDA

Reconciliation of Adjusted EBITDA to GAAP Net Income (Unaudited, In Thousands) Three Months Ended

	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09
GAAP net income, as reported	4,991	(1,515)	4,568	4,187	6,751	6,162	3,028	(2,095)	8,997	6,641	9,004	8,405
Interest expense	4,042	4,506	4,840	5,260	5,200	4,831	5,140	5,401	4,273	3,958	3,970	3,959
Contingent interest expense	3,235	888	-	-	-	-	-	-	-	-	-	-
Pay-off of future contingent interest	-	11,733	-	-	-	-	-	-	-	-	-	-
Provision for income taxes	3,437	(1,031)	1,315	2,777	4,509	4,225	2,408	(1,442)	5,973	4,166	5,948	4,609
Depreciation and amortization	869	840	833	810	722	766	674	652	623	620	652	697
Amount applied to principal on receivable portfolios	28,259	29,452	26,114	29,498	40,212	35,785	35,140	46,364	42,851	48,303	49,188	47,384
Stock-based compensation expense	801	1,204	1,281	1,001	1,094	1,228	860	382	1,080	994	1,261	1,049
Impairment charge for goodwill and identifiable intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition related expense	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	45,634	46,077	38,951	43,533	58,488	52,997	47,250	49,262	63,797	64,682	70,023	66,103

	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12
GAAP net income, as reported	10,861	11,730	12,290	14,171	13,679	14,775	15,370	17,134	11,406
Interest expense	4,538	4,880	4,928	5,003	5,593	5,369	5,175	4,979	5,515
Contingent interest expense	-	-	-	-	-	-	-	-	-
Pay-off of future contingent interest	-	-	-	-	-	-	-	-	-
Provision for income taxes	6,490	6,749	6,632	9,075	8,601	9,486	9,868	10,351	7,344
Depreciation and amortization	673	752	816	958	1,053	1,105	1,194	1,309	1,363
Amount applied to principal on receivable portfolios	58,265	64,901	63,507	53,427	85,709	83,939	73,187	69,462	104,603
Stock-based compensation expense	1,761	1,446	1,549	1,254	1,765	1,810	2,405	1,729	2,266
Impairment charge for goodwill and identifiable intangible assets	-	-	-	-	-	-	-	-	10,349
Acquisition related expense	-	-	-	-	-	-	-	-	489
Adjusted EBITDA	82,588	90,458	89,722	83,888	116,400	116,484	107,199	104,964	143,335

Note: The periods 3/31/07 through 12/31/08 have been adjusted to reflect the retrospective application of ASC 470-20