Slide Number	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's second quarter 2014 earnings call. With me on the call today are Ken Vecchione, our President and Chief Executive Officer, and Paul Grinberg, our Executive Vice President and Chief Financial Officer. Ken and Paul will make prepared remarks, and then we will be happy to take your questions.
2	Before we begin, we have a few housekeeping items. Unless otherwise noted, all comparisons made on this conference call will be between the second quarter of 2014 and the second quarter of 2013. Today's discussion will include forward-looking statements subject to risks and uncertainties. Actual results could differ materially from these forward-looking statements. Please refer to our SEC filings – and especially our most recent Form 10-K - for a detailed discussion of potential risks. During this call, we will use rounding and abbreviations for the sake of brevity. We will also be discussing non-GAAP financial measures. Reconciliations to the most directly comparable GAAP financial measures are included in our earnings release, which was filed on Form 8-K earlier today. As a reminder, this conference call will also be made available for replay on the Investors section of our website, where we will also post our prepared remarks following the conclusion of this call. With that, let me turn the call over to Ken Vecchione, our President and Chief Executive Officer.

<table>
<tr><th></th><th>Ken Vecchione</th></tr>
<tr><td>3 (Intro and 2nd quarter results)</td><td>Thank you, Bruce, and good afternoon. I appreciate everyone joining us for a discussion of our second quarter results.
Encore had a terrific quarter with GAAP EPS rising to 86 cents per share, compared to 44 cents per share in the second quarter of 2013. Excluding one-time expenses and convertible non-cash interest, Non-GAAP Economic EPS was a record $1.10 per share, compared to 85 cents per share, an increase of 29% from the second quarter of 2013.
Cash collections increased 47 percent to a record $409 million dollars. This substantial increase was driven primarily by our acquisitions of Cabot and Marlin. Adjusted EBITDA was $256 million dollars, an increase of 48 percent.
Our overall cost-to-collect this quarter was 37.9 percent, reflecting the favorable impact of Cabot in our results this year.
Our Estimated Remaining Collections, or ERC, at June 30th was approximately $4.9 billion dollars, an increase of $2.2 billion dollars from the same quarter a year ago.</td></tr>
</table>

4 (Deployments)	During the quarter, we deployed $328 million dollars, $162 million dollars of which was in our core business in the US. Q2 was a record quarter for Propel, which deployed $102 million dollars. We also deployed a significant amount of capital in the UK in what is typically a slow quarter for purchases. We believe that our purchasing mix underlines the strength of our worldwide platform and confirms our thesis of geographic and asset class diversification. It also demonstrates that we are able to deploy capital profitably even as the US market is challenged by historically low levels of charge-offs and the current absence from the market of a couple of large issuers. Outside of the U.S., we are deploying capital in accordance with our business plans. We now have multiple asset classes and geographies from which we can choose to deploy our capital.

5 (Market Supply/ Demand)	I'd like to take a few minutes now to provide our view of the landscape of the US market and how it affects our future strategy. Over the past couple of years, the supply of charged-off debt has declined, as issuers have decreased their loan portfolios and their customers have made good progress in repairing their personal balance sheets. During that same period of time, the universe of debt buyers has become much smaller, as regulators have been increasing their oversight of both the banking and debt collection industries, which has increased the costs of compliance, making it very challenging for companies without substantial scale to operate as profitably as they had historically. This consolidation trend has continued with the announcement earlier today of our acquisition of one of our important competitors, which I'll talk about in more detail in a few minutes. Despite the consolidation, pricing had been elevated coming into 2014. However, starting in Q1 and continuing into Q2, pricing has remained steady and in some recent portfolios has declined modestly. While it is too early to call this a trend, the recent increase in card issuances, the market consolidation and the eventual return of two large issuers to the market at some point, should all help future pricing dynamics.

6 (Growth strategy)	In anticipation of the supply/demand imbalance, we put in place a growth strategy, which I shared with you in detail at our Investor Day in New York a couple of months ago. That strategy has three components: maintaining the core and growing our subsidiaries, investing in attractive adjacencies, such as international markets and other asset classes, and exploring business model expansion opportunities. Maintaining the core and growing our subsidiaries is the first component of our strategy. As you saw from the previous chart, the supply and demand dynamics in our core business have changed over time and will continue to do so. Our job is to effectively navigate through these cycles. The U.S. market has been - and always will be - an important part of our success. Throughout these cycles, we have made significant investments in analytics, technology, risk management and compliance, which have enabled us to deploy a meaningful amount of capital in this market. This is demonstrated by our strong purchase volumes this quarter. We will continue to invest in our core so that we are optimally positioned to capitalize on opportunities as the supply/demand dynamics begin to shift back in our favor. But to achieve our growth, we cannot limit ourselves to one geography or vertical, which is why the second leg of our growth strategy involves the expansion into new geographies and asset classes. We shared with you at our Investor Day the specifics of our acquisitions of Cabot, Marlin, Grove and Refinancia as well as our emerging debt buying business in India. Some of these businesses are strong contributors to our earnings today, while others won't contribute meaningfully until 2015 or beyond. Keep in mind, we will have the opportunity with each of them to increase our ownership in the future, and with that, their contributions to our earnings. The third component of our growth strategy, business model expansion, is where we are working to leverage some of our core competencies in other areas. When these become meaningful, we will share them with you.

7 (ACF)	In line with the first component of our growth strategy, we've just completed the acquisition of a leader in the market for acquiring freshly charged-off portfolio, Atlantic Credit & Finance. With this transaction comes a portfolio with approximately $275 million dollars in ERC and a platform that specializes in acquiring and collecting on higher-balance, fresh paper. This transaction has many benefits of which I will highlight two: First, it expands our expertise to a market segment in which Encore has not historically had a significant footprint. Our specialization has always been on collecting older and lower-balance paper. And while we were successful in buying some fresh paper from issuers, our win rate was not as strong in the fresh, higher-balance segment as it was in other areas. With Atlantic's expertise and track record in this segment, we believe that we will have the opportunity to deploy more capital going forward. Second, this transaction will serve to satisfy a large portion of our capital deployment for 2014. We've known the management team at Atlantic for a long time and have great respect for their operation and its productivity. We have also found Atlantic to be a company that shares our commitment to treating consumers fairly and respectfully, which is critical to our business success. Encore has been acquiring portfolios from Atlantic for many years, so we feel very comfortable with our valuation, and we're very excited to begin working closely with the Atlantic team. Please note that we expect to incur $3 to $5 million dollars in one-time charges associated with deal costs and streamlining redundant processes in the second half of the year.

8 (Cabot)	Turning to our subsidiaries, we are very pleased with Cabot's financial performance. Cabot's EPS contribution was 19 cents this quarter, in line with our business plans but slightly below the 21 cents they delivered in Q1 due to the Marlin acquisition. We expect a meaningful uplift to Cabot's ERC related to Marlin's litigation strategies and capabilities. As we finalize our analysis around these improvements in the coming months, we expect to be able to increase the IRRs on Cabot's pool groups and, as a result, Cabot's results next quarter should return to Q1 levels. Cabot deployed £250 million pounds, or roughly $410 million dollars, in the first half of 2014 and now has grown their ERC to over £1.5 billion pounds, or almost $2.4 billion dollars. From an operational perspective, Cabot India continues to exceed expectations regarding the quality and quantity of collections.

9 (Propel)	Propel had a very strong second quarter. During our Q1 earnings call, we announced Propel's acquisition of a nationwide tax lien portfolio and servicing platform from a national acquirer of delinquent tax liens. That transaction expanded Propel's operational footprint from 11 states to 22 states, increasing our ability to deploy capital in this asset class. In fact, between this portfolio and others acquired during the quarter, Propel deployed over $100 million dollars in the seasonally strong second quarter. We continue to leverage Encore's analytical strength and our Costa Rica call center to enhance Propel's operations. In addition, we expect that the recent securitization of Propel's Texas assets and the subsequent lowering of our cost of capital will further improve Propel's contribution to earnings going forward. Before I turn the call over to Paul, I'd like to mention that in addition to our earnings announcement and the Atlantic acquisition, we also announced today that Mike Monaco has joined our Board of Directors. Mike is a fantastic addition to our board. He's a seasoned executive with more than 30 years of experience in finance and management and I'm delighted that he'll be joining us to help guide Encore into the future. With that, I will turn it over to Paul, who will go through the financial results in more detail. Paul…

	Paul Grinberg
10 (Detailed Financial Discussion)	Thank you, Ken. As Ken discussed, we had an extremely productive second quarter, reflecting strong performance from our core business, and our recent acquisitions continue to deliver solid contributions to our bottom line. Before I go into our financial results in detail, I would just like to remind you that, as required by US GAAP, we are showing 100% of Cabot, Grove and Refinancia's results in our financial statements. Where indicated, we will adjust the numbers to account for our non-controlling interest.
11 (Collections)	We generated $409 million dollars of collections in the second quarter, representing the highest single quarter of collections in our company's history. This performance reflects the steady execution of our collections operation, and in particular, the growth of our operations outside of the US. Nearly one fourth of our total collections, $97 million dollars, were generated from accounts in the UK. For the quarter, our call centers contributed 47 percent of total collections, or $192 million dollars, compared to $117 million dollars in Q2 of 2013. Legal channel collections accounted for 41 percent of total collections and grew to $168 million dollars in the second quarter, compared to $134 million dollars in 2013. Collection agencies accounted for 12 percent of total collections and grew to $49 million dollars in the second quarter, compared to $28 million dollars in 2013. Keep in mind that for some of Cabot's purchases, we are contractually required to keep accounts with certain collection agencies for a period of time. When excluding the collections made by agencies on behalf of Cabot, only 5 percent of collections in the quarter came from third-party collection agencies.

12 (Revenue)	For the quarter, revenue was $269 million dollars, an increase of 72 percent over the $156 million dollars of revenue in the second quarter of 2013. With regard to our revenue from receivable portfolios, as a percentage of collections and excluding the effects of allowance reversals, our revenue recognition rate was 59.8 percent, compared to 53.3 percent in Q2 of 2013. This increase was the result of the higher returns associated with our business in the UK. For the quarter, we had $3.4 million dollars of allowance reversals, the majority of which were zero basis allowance reversals, compared to $3.7 million dollars of allowance reversals in Q2 of 2013. We had no portfolio allowances in the quarter. As many of you know, once we have evidence of sustained over-performance in a pool, we will increase that pool's yield. Consistent with this practice, and as a result of continued over-performance primarily in the 2009 through 2013 vintages, we increased yields in those pool groups this quarter.

13 (Cost to Collect)	Turning to cost-to-collect, excluding acquisition-related and other one-time costs, our overall cost-to-collect for the second quarter was 37.9 percent. Breaking the overall cost-to-collect into its components, Cabot's cost-to-collect in the quarter continues to trend lower than our overall average at approximately 30 percent, due to the fact that Cabot's portfolio primarily consists of consumers who are already on payment plans and involves very little litigation. Even though the addition of Marlin has marginally increased Cabot's cost-to-collect due to its litigation-focus, we expect that over time, Cabot's investment in Marlin will drive incremental net collections and a higher overall return. Within our U.S. business, direct cost per dollar collected in our call centers was 6.4 percent in Q2, versus 6.1 percent last year. This was the result of increased costs associated with the Asset Acceptance business. Direct cost per dollar collected in the domestic legal channel was 35.8 percent, down from 36.8 percent in Q2 of 2013. While cost-to-collect is an important metric, we don't focus on it in isolation. Overall, success in our business is driven by generating the greatest net return per dollar invested. We accomplish that by generating more gross dollars collected per investment dollar at what we believe to be the industry's lowest cost per dollar collected.

14 (LO & IL)	Our legal channel, which includes both legal outsourcing and our internal legal operations in the United States, continues to contribute meaningfully, both in terms of dollars collected and cost to collect. Total dollars collected in our legal outsourcing channel was $126 million dollars, at a cost to collect of 34.7%, the same percentage as last year. In Q2, we collected $30 million dollars in our internal legal channel at a cost to collect of 40.3% and we expect that to decline further as we place more volume in this channel. We continue to break out our legal cost to collect between our external and internal legal channels in our 10-Q to provide more visibility into our operations. I'd like to reiterate that our long-stated preference is to work with our consumers to negotiate a mutually acceptable payment plan, tailored to their personal financial situation. These plans almost always involve substantial discounts from what we are owed. We not only believe that this is the right thing to do for our consumers, but the right thing to do for our business. For Encore, legal action is always a last resort and is pursued only after numerous attempts to communicate and reach an acceptable agreement with a consumer.

15 (Cash flows)	As mentioned earlier, collections reached another all-time high in the second quarter. This growth in collections led to improved cash flows, with second quarter Adjusted EBITDA increasing 48 percent over last year to $256 million dollars. As investors who are familiar with Encore know, Adjusted EBITDA is one of the most important ways that we measure our company's operating performance. It helps us determine amounts available for future purchases, capital expenditures, debt service, and taxes - and it gives investors a clear picture of the strong cash flow generated by our business.
16 (ERC)	Our Estimated Remaining Collections, or ERC, at the end of the second quarter was $4.9 billion dollars, an increase of 79% over last year. This increase was driven primarily by the acquisitions of Cabot and Marlin. We believe that our ERC, which reflects the value of portfolios that we have already acquired, is conservatively stated, because of our cautious approach to setting initial curves and our practice of only increasing future expectations after a sustained period of overperformance.

17 (EPS walk)	To fully understand our overall results, there were certain one-time and non-cash items that affected our results this quarter. 6 cents were related to the non-cash interest and issuance costs associated with our convertible notes and 14 cents were related to one-time acquisition and integration costs for a total of 20 cents per share. After adjusting for these, we end up with $1.06 per fully diluted share, and $1.10 on a non-GAAP economic basis. In calculating our EPS on a non-GAAP economic basis, we exclude those shares associated with our convertible debt that are reflected in our EPS denominator from an accounting perspective, but which will not be issued, as a result of the call spread we entered into at the time we issued the convert. For Q2, there were approximately 1 million shares included in the calculation of GAAP EPS which will not increase the number of outstanding shares as a result of the call spread.

18 (Share Re-purchases)	During the quarter, we made progress on the $50 million dollar share repurchase plan authorized by the board. We've purchased about 400 thousand shares at an average price of $42 a share. Going forward, our plan is to continue to execute on the program and, at a minimum, we intend to make sure that we cover any dilution from employee equity grants. Finally, you'll see in our filings that we've amended the terms of our revolving credit facility in the U.S. to provide ourselves with some additional flexibility to invest in our subsidiaries and to facilitate our acquisition of Atlantic. We appreciate the cooperation of our banking partners, led by SunTrust and Bank of America, in making this happen. With that, I'd like to turn it back over to Ken for his closing comments.

	Ken Vecchione
19 (Closing)	Thanks, Paul. The Encore team has delivered another solid performance in Q2 and we're looking forward to more business opportunities and other important developments during the balance of 2014. As you can see from our continued progress on the acquisition front and in our capital deployment, we continue to broaden our capabilities, deepen our understanding of our own and of new markets, and are evolving into an increasingly diverse international specialty finance company. Through our operational execution, we're providing ourselves with the flexibility to enter new markets and geographies, and position ourselves to navigate challenging market dynamics. Finally, I'd like to acknowledge the hard work and dedication of the people of Encore and recognize their efforts in the considerable reshaping of our company that we've accomplished together. Thank you for taking the time to join our call today, and with that, we would be happy to answer any questions you may have. Operator, please open up the line for questions.