$115 MILLION CONVERTIBLE BOND ISSUANCE

February 13, 2013

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

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 "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," Encore Capital Group, Inc. (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.

IN THE 4TH QUARTER OF 2012, WE RAISED $115 MILLION THROUGH THE ISSUANCE OF A CONVERTIBLE BOND

Overview of the Offering

1. Encore issued a convertible bond to Qualified Institutional Buyers, raising $115 million(1) at an annual coupon of 3.0%, with a conversion premium of 25.0% above the stock price at issue ($31.5625) (2)

2. Simultaneously with the issuance of the convertible bond:

   A. Encore purchased a bond hedge in the over-the-counter equity derivatives market (effectively repurchasing the call-option embedded in the convertible bond)

   B. Encore sold warrants at 75.0% above the stock price at issue ($44.1875) (2)

      – The purchased call options are considered integrated with the convertible bond from a tax perspective and, as a result, the cost of the options is deductible for tax purposes

      – The sold warrants expire 3 months after the bond hedge

3. Concurrent with the transaction, Encore repurchased shares worth $25 million pursuant to a share repurchase program

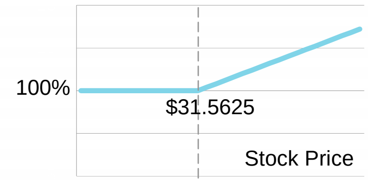
1. Comprised of a $100 million offering on November 27, 2012 and a $15 million overallotment option exercised on December 6, 2012
2. The stock price at issue was $25.25

THE COMBINATION OF THE CONVERTIBLE BOND WITH A BOND HEDGE PLUS WARRANTS EFFECTIVELY INCREASED THE CONVERSION PREMIUM TO 75%

Value Delivered by Encore at Maturity [(1)]

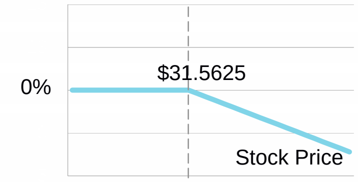
Step 1: Issue Convertible Bond

- Encore issued a convertible bond with a conversion price of $31.5625 (25% above stock price at issue)
  - With net share settlement, if the stock price is above the conversion price at maturity, Encore would deliver the original issue amount in cash and the incremental value above the conversion price in shares



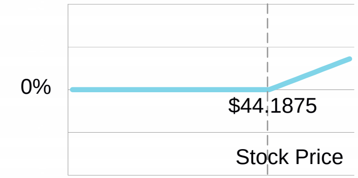
Step 2: Purchase Bond Hedge

- Encore purchased a bond hedge in the over-the-counter derivatives market (i.e., Encore purchased back the call option embedded in the convertible bond)
  - If the stock price is above the conversion price at maturity, Encore would receive the incremental value above the conversion price in shares from the bond hedge counterparties



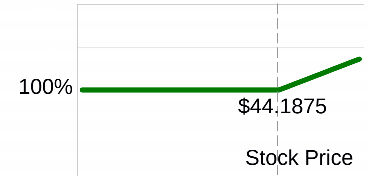
Step 3: Sell Warrants

- Encore sold a warrant with a strike price of $44.1875 (75% above stock price at issue) in the over-the-counter derivatives market
  - If the stock price is above the warrant strike price at maturity, Encore would deliver the incremental value above the warrant strike price in shares to the warrant counterparties



Net Effect: Convertible with Bond Hedge + Warrants

- In effect, it is as if Encore had issued a convertible bond with a conversion price of $44.1875 (the warrant strike price)
  - If the stock price is above the warrant strike price at maturity, Encore will deliver the original issue amount in cash and the incremental value above the warrant strike price in shares



1. Value measured as a percentage of par

THE BOND HEDGE IS TREATED AS EQUITY FOR ACCOUNTING PURPOSES AND HAS TAX BENEFITS

Net Share Settlement Accounting Method

Encore pays par in cash and delivers shares for the in-the-money amount of the conversion option

- Balance sheet: Debt plus option
- Interest expense: Straight debt cost
- EPS dilution: Treasury stock method

Net Share Settled Convertible Accounting

Description	Balance Sheet	Income Statement
• The debt component is the estimated fair value, as of the issuance date, of a similar bond without the conversion feature – The remainder is additional paid-in capital • The debt component is subsequently accreted to par over its expected life, with interest expense that reflects the convertible coupon plus amortization of the bond discount	• Illustration: Convertible coupon is 3.0%, straight cost of debt is 6.0%, maturity is 5 years, and issue size is $115 million – The debt component is initially recorded at $100.3 million (present value of cash flows discounted at the straight cost of debt), with the remaining $14.7 million recorded as a component of equity – The end of year 1 value of the debt component is $100.3 million + $2.6 million amortization of bond discount = $102.9 million (1)	• Interest expense is calculated as follows: – Year 1 interest expense is $6.1 million, cash interest = $3.5 million and amortization of bond discount is $2.6 million (1) • The Treasury stock method is used to determine shares added to total shares outstanding – This is only applicable when the stock trades above the conversion price of $31.5625

Bond Hedge Plus Warrants Accounting

- The purchased call options (bond hedge) reduce equity and the sold warrants increase equity; equity is reduced by the net amount
  - The purchased call options and sold warrants are identified as equity pursuant to EITF 00-19
  - The bond hedge and warrants premium are not expensed and they are not marked to market
- The purchased call options are ignored for EPS purposes
- The sold warrants are accounted for pursuant to the Treasury Stock Method

Tax Considerations

- The Convertible Bond is treated as debt issued at a discount (convertible face value minus cost of bond hedge)
- The discount is amortized as interest expense over the life of the bond
- This results in deductions being taken at Encore’s straight cost of debt (on the accreted balance sheet liability)
- The proceeds from the sold warrants are tax-free

1. Refer to page 5 and Appendix A for bond amortization schedule

THE ACCOUNTING RULES RESULT IN A DIFFERENCE BETWEEN CASH AND REPORTED INTEREST EXPENSE

Assumptions

Base Offering Size	$115.0 million
Maturity (Years)	5
Convertible Coupon	3.00%
Conversion Premium	25.0%
Straight Debt Cost	6.00%
Bond Component	$100.3 million
Tax Rate	39.0%

Present Value of convertible bond cash flows discounted at the equivalent cost of straight debt

Debt Accretion Schedule

Year	Interest [1] A	Coupon Payment B	Amort. of Discount C	EOP Debt Balance [2] D
	6.0%*$D_{(t-1)}$	3.0%*Par	A + B	$D_{(t-1)}$+C
0				100.3
1	6.1	(3.5)	2.6	102.9
2	6.2	(3.5)	2.8	105.7
3	6.4	(3.5)	2.9	108.6
4	6.6	(3.5)	3.1	111.7
5	6.8	(3.5)	3.3	0.0

$D_{(t-1)}$: Previous period accounting debt balance

Accounting Overview of Settlement

	Net Share Settled
What Happens Upon Conversion?	Par paid in cash and (Conversion Value - Par) delivered in stock
Upfront Balance Sheet	
Debt	100.3
Equity component	14.7
Interest Expense in Year 1 (Annualized)	
Convertible coupon (cash interest expense)	3.5
Accretion (non-cash interest expense)	2.6
Total interest expense	**6.1**
Tax benefit	(2.4)
After-tax interest expense	**3.7**
EPS Calculation	
Method	Debt and Equity
Description	Interest Expense: Coupon + Accretion deducted from earnings Shares Outstanding: In-the-money amount included in share count under treasury stock method (underlying shares x (current share price - conversion price) / current share price)

1. Interest calculated on a semi-annual basis
2. End of Period ("EOP") accounting debt balance is net of the net any paydown on the convertible bond; refer to Appendix A for additional calculation detail

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THE STRUCTURE RESULTS IN A FAVORABLE AFTER-TAX INTEREST RATE

1 **Pre-tax Interest Rate Calculation**

- # of semi-annual payments: 10
- Semi-annual coupon: $1.73 million
- Upfront proceeds: $103.4 million
- Maturity value: $115 million

Annualized IRR: 5.33%

Convertible Terms	
Offering Size	$115.0 million
Ranking	Senior Unsecured
Coupon	3.00%
Conversion Premium	25.00%
Share Price at Issuance	$25.25
Conversion Price	$31.5625
Maturity	5 Years
Settlement Method	Net Share Settlement
Call Protection	Non-Call Life

Bond Hedge Plus Warrants	**With Overlay**
Maturity	5 Years
Bond Hedge Strike (%) / Bond Hedge Strike ($)	25.0% / $31.5625
Warrant Strike (%) / Warrant Strike ($)	75.0% / $44.1875
Net Premium / % of Proceeds	$11.6 million / 10.1%
Net Proceeds	$103.4 million
Implied effective pre-tax interest rate on proceeds (including cost of Bond Hedge and Warrants) 1	5.33%
Implied effective after-tax interest rate on proceeds [1]	3.03%

1. Assumes Encore's effective tax rate of 39% and implied cost of straight debt at 6.0%; refer to Appendix A for additional calculation detail

AT AN ILLUSTRATIVE PRICE ABOVE $50 PER SHARE, THERE IS ACCOUNTING DILUTION, BUT NO ECONOMIC DILUTION DUE TO THE SHARE REPURCHASE

Assumptions

Stock Price at Issue	$25.25
Illustrative Stock Price	$50.50
Wgt. Avg. Diluted Shrs Outstanding	25.8 million
Illustrative Annual EPS	$6.08
Interest Rate on Existing Revolver	4.0%
Share Repurchase Amount	$25.0 million
Paydown of Revolver with Proceeds	$74.5 million
Tax Rate	39.0%

Convertible Terms

Offering Size	$115 million
Convertible Coupon	3.00%
Conversion Premium	25.0%
Maturity	5 Years
Conversion Price	$31.56
Underlying Shares	3.6 million
Bond Component	$100.3 million
Assumed Straight Debt Cost	6.00%

Bond Hedge Plus Warrants

Bond Hedge Premium	19.70%
Bond Hedge Strike Price	$31.56
Warrants Strike Price	$44.19
Net Premium (cost)	10.1%
Net Proceeds	$103.4 million

EPS Accretion / Dilution Analysis [1], [2]

$million, unless otherwise stated	Net Share Settled FY12	Net Share Settled Illustrative Annual Impact [4]
Stock Price Assumption ($)	$25.25 [3]	$50.50
GAAP Income from Continuing Operations	**78.6**	**157.1**
Pro Forma Adjustments		
After-Tax Cash Interest Expense from Convertible Bond	(2.1)	(2.1)
After-Tax Amortization Expense	(1.6)	(1.6)
After-Tax Interest Savings from Debt Paydown	1.8	-
Adjusted GAAP Income from Continuing Operations	**76.7**	**153.4**
Adjusted Non-GAAP Income from Continuing Operations [5]	**78.3**	**155.0**
Stock Price ($)	$25.25	$50.50
Conversion Price ($)	$31.56	$31.56
Warrants Strike Price ($)	$44.19	$44.19
Fully Diluted Shares Outstanding (million)	**25.8**	**25.8**
Pro Forma Adjustments		
Share Dilution from Base Convertible (million)	-	1.4
Share Dilution from Warrants (million)	-	0.5
Shares Repurchased (million)	(1.0)	(1.0)
Adjusted Fully Diluted Shares (million)	**24.8**	**26.7**
GAAP EPS from Continuing Operations ($)	**$3.04**	**$6.08**
Illustrative Pro Forma GAAP Accounting EPS from Continuing Operations ($)	**$3.09**	**$5.75**
Illustrative Accretion / Dilution (%)	**1.6%**	**(5.4%)**
Illustrative Pro Forma Non-GAAP Accounting EPS from Continuing Operations ($) [5]	**$3.15**	**$5.81**
Illustrative Pro Forma Non-GAAP Economic EPS from Continuing Operations ($) [5], [6]	**$3.15**	**$6.13**

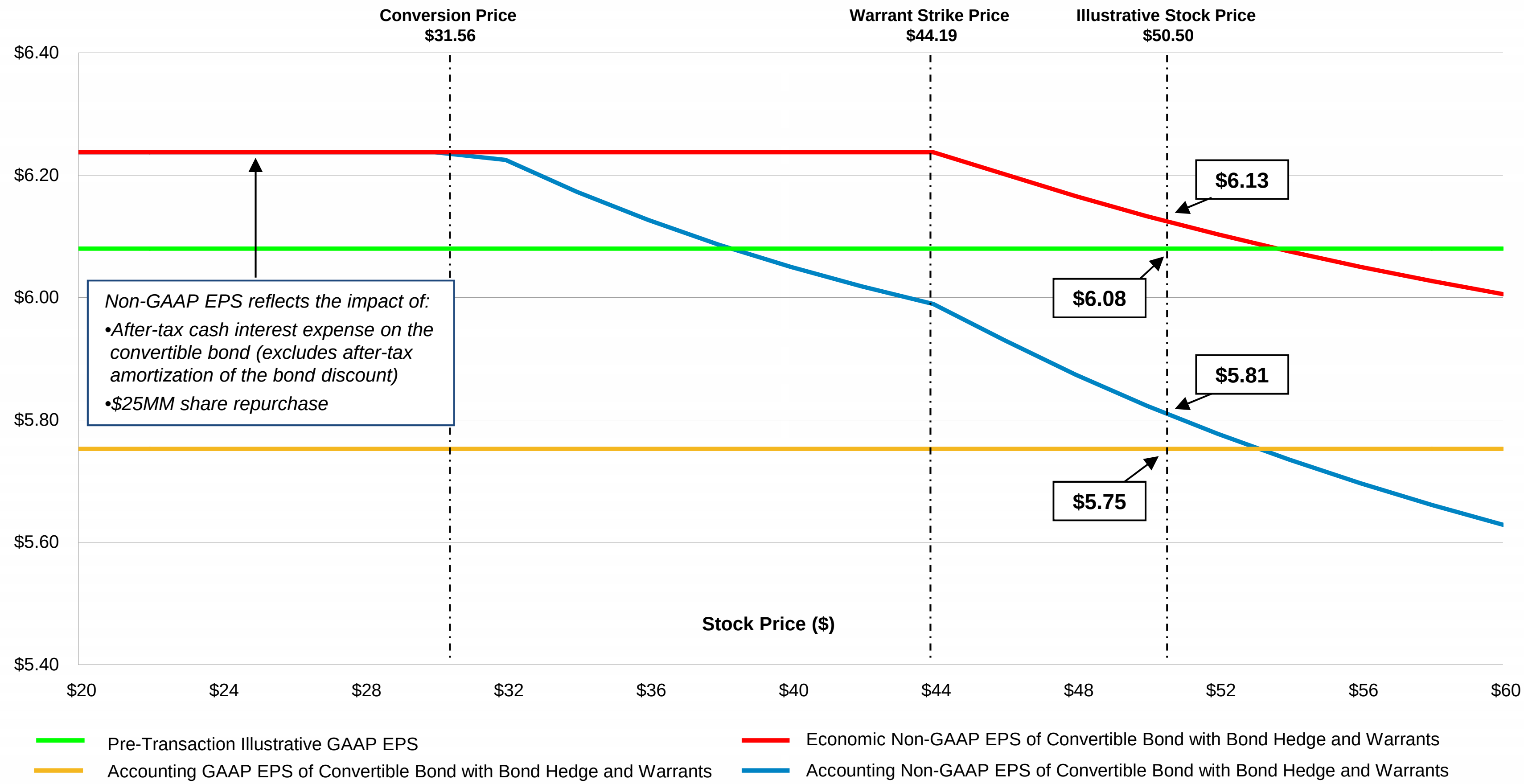
Economic EPS excludes dilution from the base convertible bond

1. Pro forma adjustments give effect to the issuance of the convertible bond and the repurchase of $25 million of common stock
2. Refer to Appendix B for additional detail on the calculation of EPS
3. Represents stock price at issuance of convertible bond
4. Illustrative scenario assumes 100% growth in stock price and income
5. “Non-GAAP” EPS excludes the pro forma adjustment for after-tax amortization of bond discount (non-cash interest expense)
6. “Economic” EPS excludes dilution from the base convertible bond

FROM AN ECONOMIC PERSPECTIVE, SHARE DILUTION RESULTING FROM THE BASE CONVERTIBLE BOND IS OFFSET BY THE BOND HEDGE

Illustrative Diluted EPS Sensitivity Analysis

Accounting vs. Economic EPS ($)



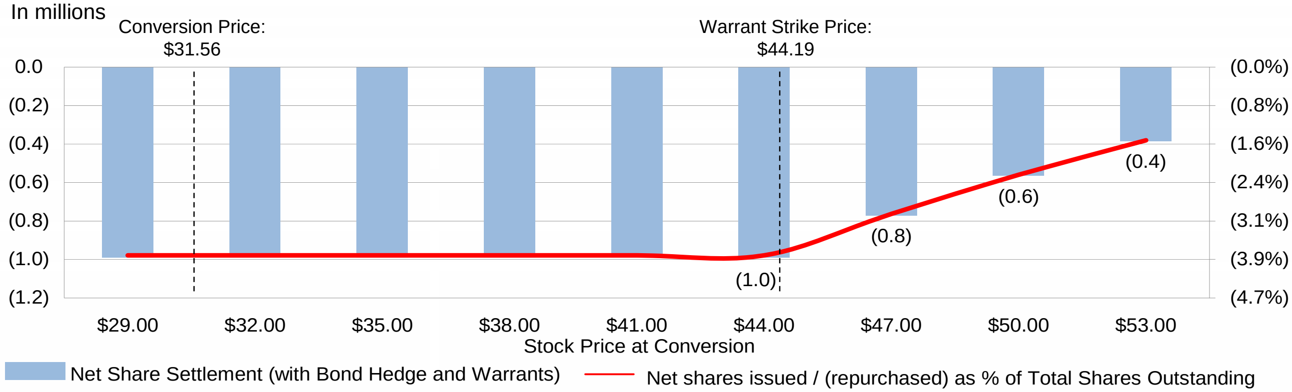
THE COMBINATION OF THE BOND HEDGE PLUS WARRANTS AND THE SHARE BUYBACK RESULTS IN A NET REDUCTION IN SHARES OUTSTANDING

Net Share Settled Convertible with Bond Hedge and Warrants

- With the net share settlement feature, Encore would repay the original issue amount in cash and the in-the-money amount *above the warrants strike* price in stock, reducing the number of shares issued upon conversion
- Given the upfront buyback and the net share settlement option, Encore's total shares outstanding decrease as a result of the transaction

Net Change in Share Count at Maturity (1)

In millions



Net Change in Share Count at Maturity - Net Share Settled Convertible with Bond Hedge and Warrants alongside upfront buyback

3.000% up 25.0%, $44.19 upper strike (75.0% effective premium), $25MM Buyback

A	B	C = Max(0, A-$44.19)	D = B*C	E = D/A	F	G = E - F
Stock Price At Conversion	Shares Underlying	In-the-Money Amount incl. Bond Hedge Plus Warrants		Number of Shares (MM)	Shares Repurchased (MM)	Net Shares Issued (MM)
		($ per share)	($MM)			
$29.00	3.6	$0.00	0.0	0.0	1.0	(1.0)
$32.00	3.6	$0.00	0.0	0.0	1.0	(1.0)
$35.00	3.6	$0.00	0.0	0.0	1.0	(1.0)
$38.00	3.6	$0.00	0.0	0.0	1.0	(1.0)
$41.00	3.6	$0.00	0.0	0.0	1.0	(1.0)
$44.00	3.6	$0.00	0.0	0.0	1.0	(1.0)
$47.00	3.6	$2.81	10.2	0.2	1.0	(0.8)
$50.00	3.6	$5.81	21.2	0.4	1.0	(0.6)
$53.00	3.6	$8.81	32.1	0.6	1.0	(0.4)

1. $25.25 stock price at issuance. 25.8 million weighted average diluted shares outstanding

APPENDIX A: AFTER-TAX INTEREST RATE CALCULATION DETAIL

After-tax Interest Rate [1]
$ millions

Year	Interest [2]	Coupon Payment	Amortization of Discount	Debt Proceeds / Paydown	End of Period Accounting Debt Balance	Interest Tax Shield	Net Cash Flow
	A	**B**	**C**	**D**	**E**	**F**	**B+D+F**
	$6.0\%*E_{(t-1)}$	3.0%*Par	A + B		$E_{(t-1)}+C+D$	39.0%*A	
0	0.0			103.4	**100.3** [3]		**103.4**
1	6.1	(3.5)	2.6		**102.9**	2.4	**(1.1)**
2	6.2	(3.5)	2.8		**105.7**	2.4	**(1.0)**
3	6.4	(3.5)	2.9		**108.6**	2.5	**(1.0)**
4	6.6	(3.5)	3.1		**111.7**	2.6	**(0.9)**
5	6.8	(3.5)	3.3	(115.0)	**-**	2.6	**(115.8)**
After-tax Interest Rate							**3.03%**

$E_{(t-1)}$: Previous Period Accounting Debt Balance

1. Amounts may not total due to rounding
2. Interest calculated on a semi-annual basis
3. At period 0, the end of period accounting debt balance represents the present value of the convertible bond cash flows discounted at an implied straight cost of debt of 6%

APPENDIX B: EPS CALCULATION DETAIL

EPS Accretion / (Dilution) Calcluation Detail $million, unless otherwise stated	Net Share Settled [1] Formula	 Illustrative Annual Impact
GAAP Income from Continuing Operations	**A**	**157.1**
Pro Forma Adjustments		
After-Tax Cash Interest Expense from Convertible Bond	B	(2.1)
After-Tax Amortization Expense	C	(1.6)
After-Tax Interest Savings from Debt Paydown	D	0.0
Adjusted GAAP Income from Continuing Operations	**E = A+B+C+D**	**153.4**
Adjusted Non-GAAP Income from Continuing Operations [2]	**F = E-C**	**155.0**
Underlying Shares (million)	G	3.6
Stock Price ($)	H	$50.50
Conversion Price ($)	I	$31.56
Warrants Strike Price ($)	J	$44.19
Fully Diluted Shares Outstanding (million)	**K**	**25.8**
Pro Forma Adjustments		
Share Dilution from Base Convertible (million)	**L=G*(H-I)/H**	1.4
Share Dilution from Warrants (million)	**M=G*(H-J)/H**	0.5
Shares Repurchased (million)	**N**	(1.0)
Adjusted Fully Diluted Shares (million)	**O=K+L+M+N**	**26.7**
GAAP EPS from Continuing Operations ($)	**P=A/K**	**6.08**
Illustrative Pro Forma GAAP Accounting EPS from Continuing Operations ($)	**Q=E/O**	**5.75**
Illustrative Accretion / Dilution (%)	**(Q-P)/P**	**(5.38%)**
Illustrative Pro Forma Non-GAAP Accounting EPS from Continuing Operations ($) [2]	**F/O**	**5.81**
Illustrative Pro Forma Non-GAAP Economic EPS from Continuing Operations ($) [2], [3]	**F/(O-L)**	**6.13**

1. Pro forma adjustments give effect to the issuance of the convertible bond and the repurchase of $25 million of common stock
2. “Non-GAAP” EPS excludes the pro forma adjustment for after-tax amortization of bond discount (non-cash interest expense)
3. “Economic” EPS excludes dilution from the base convertible bond