

Encore Capital Group Investor Presentation

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,” 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.

INVESTMENT HIGHLIGHTS

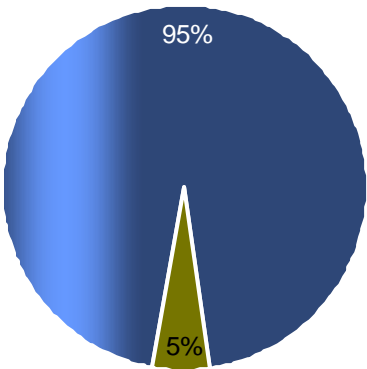
- Favorable supply and demand dynamics have existed since 2008, with only a few credible, large buyers
- Analytic insights inform our valuation and operating strategies and allow for a closer partnership with consumers
- Operational and financial leverage is increasing, largely due to our successful operating center in India
- Strong performance is expected to continue

ENCORE IS A LEADING PLAYER IN THE CONSUMER DEBT BUYING AND RECOVERY INDUSTRY

Revenue Composition

As of December 31, 2010

Debt Purchasing & Collections

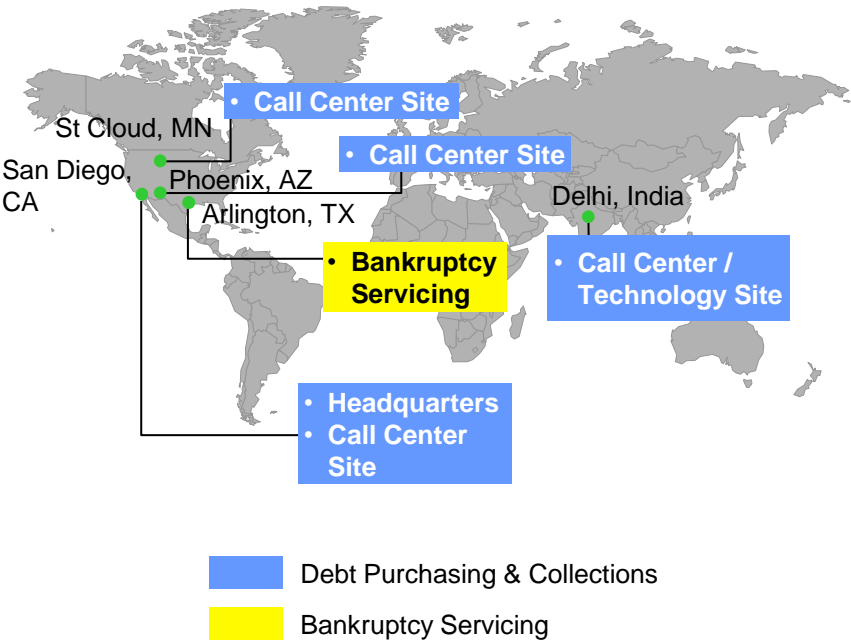


- Purchase and collection of charged-off unsecured consumer receivables (primarily credit card)
- Robust business model emphasizing consumer intelligence and operational specialization
- Invested ~\$1.8 billion to acquire receivables with a face value of ~\$55 billion
- Acquired ~33 million consumer accounts since inception

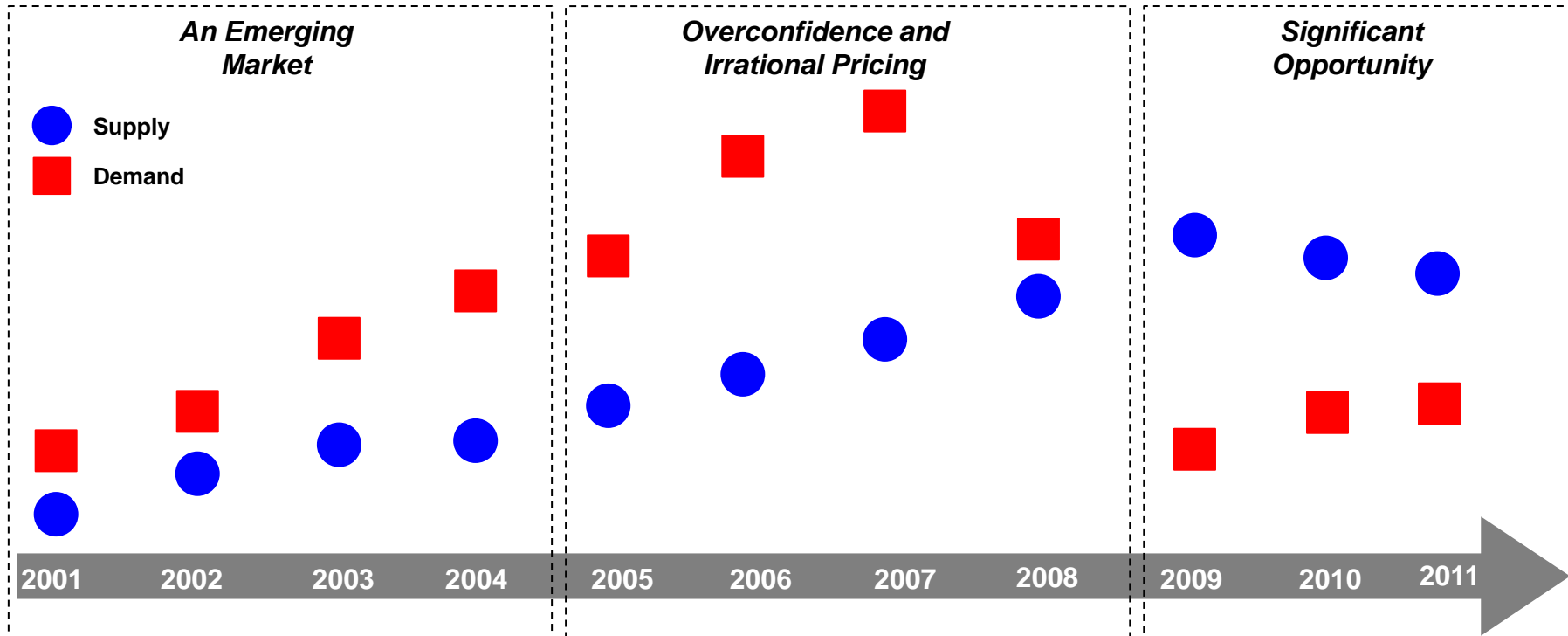
Bankruptcy Servicing

- Process secured consumer bankruptcy accounts for leading auto lenders and other financial institutions
- Proprietary software dedicated to bankruptcy servicing
- Operational platform that integrates lenders, trustees, and consumers

Global Capabilities



STRATEGIC DECISIONS MADE OVER THE PAST DECADE DEMONSTRATE OUR ABILITY TO FORESEE AND ADAPT TO CHANGES



- Hired **first statisticians**
- Created first and second generation **forecasting models**
- Created 1st generation **operational models** (mail channel and call center)

- In late 2005, we established a call center in India. We believe **it is in the only late-stage collections platform in India, at approximately 1/3 the cost of our U.S. operations.**
- Between 2005 and 2007 we remained disciplined and **avoided high priced portfolios** that did not meet internal hurdle rates
- In 2008 we built and implemented the industry's **first known ability-to-pay (capability) model**

- In 2009 , **we ramped up purchasing** to take advantage of the favorable market environment
- In February 2010, we entered into a new \$327.5 million revolving credit facility which was subsequently **increased to \$410.5 million and added \$75 million in two private placement transactions with Prudential**

THESE DECISIONS ARE DRIVING STRONG RESULTS

YOY Growth

(\$000s, except EPS and ratios)

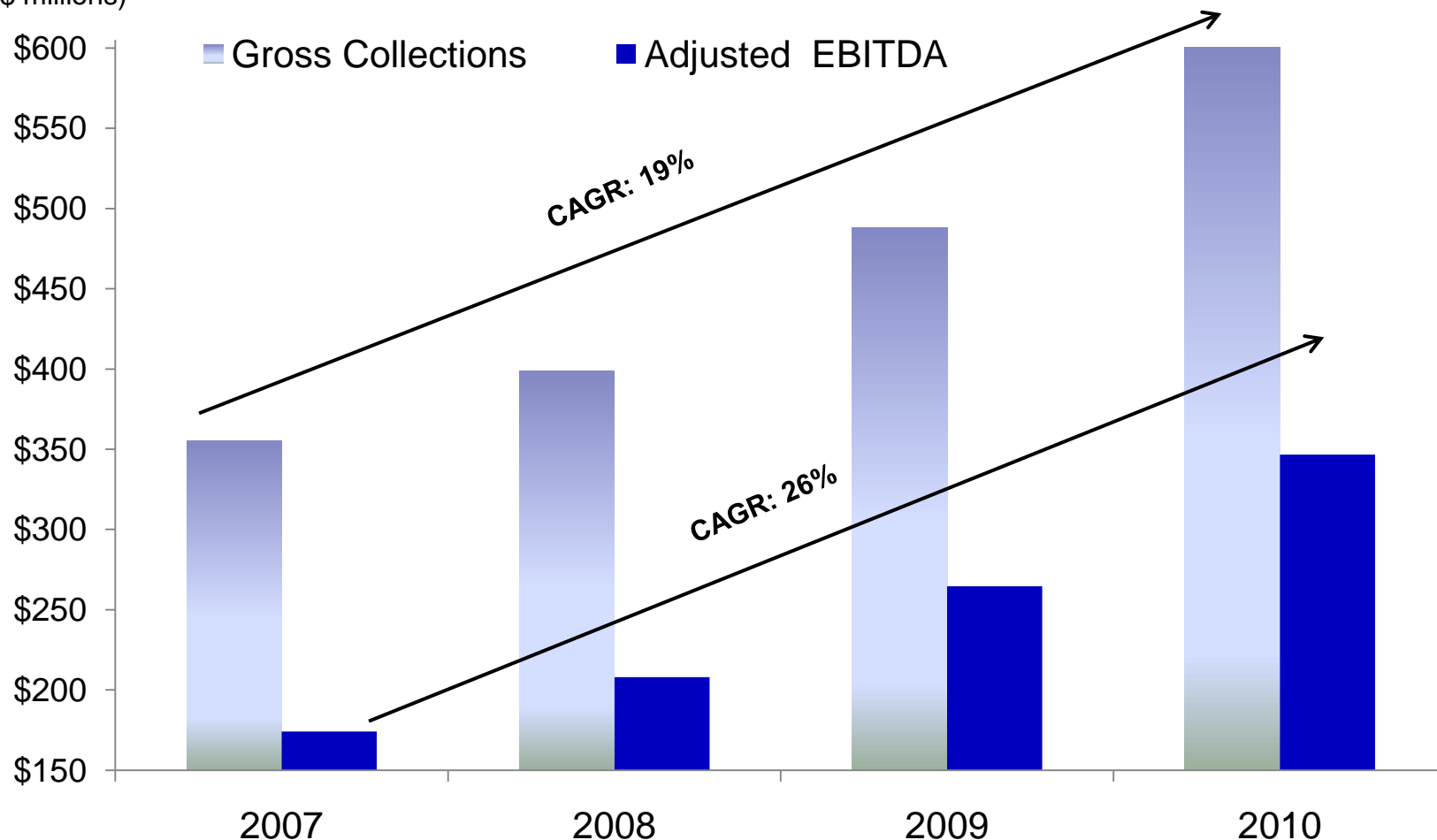
	Q4 09	Q4 10	2009	2010	Annual Variance	
Collections	\$124,476	\$149,181	\$487,792	\$604,609	\$116,817	24%
Revenue	\$81,552	\$99,772	\$316,419	\$381,308	\$64,889	21%
Adjusted EBITDA*	\$66,103	\$83,888	\$264,605	\$346,656	\$82,051	31%
EPS	\$0.34	\$0.56	\$1.37	\$1.95	\$0.58	42%
Purchases	\$40,952	\$119,100	\$256,632	\$361,957	\$105,325	41%

* Adjusted EBITDA is a non-GAAP number. The Company considers Adjusted EBITDA to be a meaningful indicator of operating performance and uses it as a measure to assess the operating performance of the Company. See Reconciliation of Adjusted EBITDA to GAAP Net Income at the end of the presentation.

WE HAVE SIGNIFICANTLY INCREASED BOTH OPERATING CASH FLOW (ADJUSTED EBITDA) AND CASH COLLECTIONS

Adjusted EBITDA* and Gross Collections by quarter

(\$ millions)



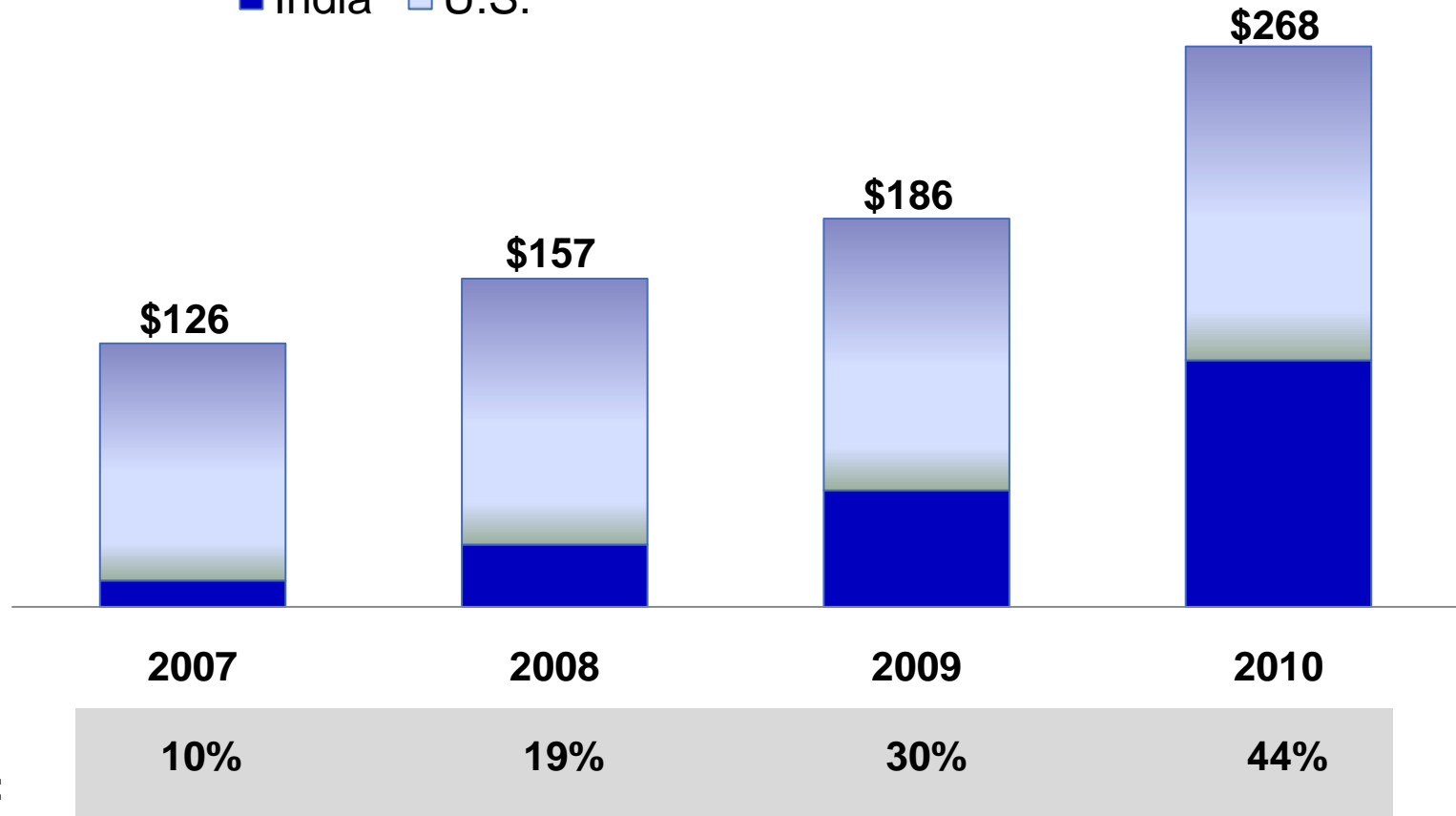
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OUR OPERATING CASH FLOW IS IMPROVING PRIMARILY BECAUSE OF OUR INDIA TEAM, WHICH IS PRODUCING HALF OF CALL CENTER COLLECTIONS

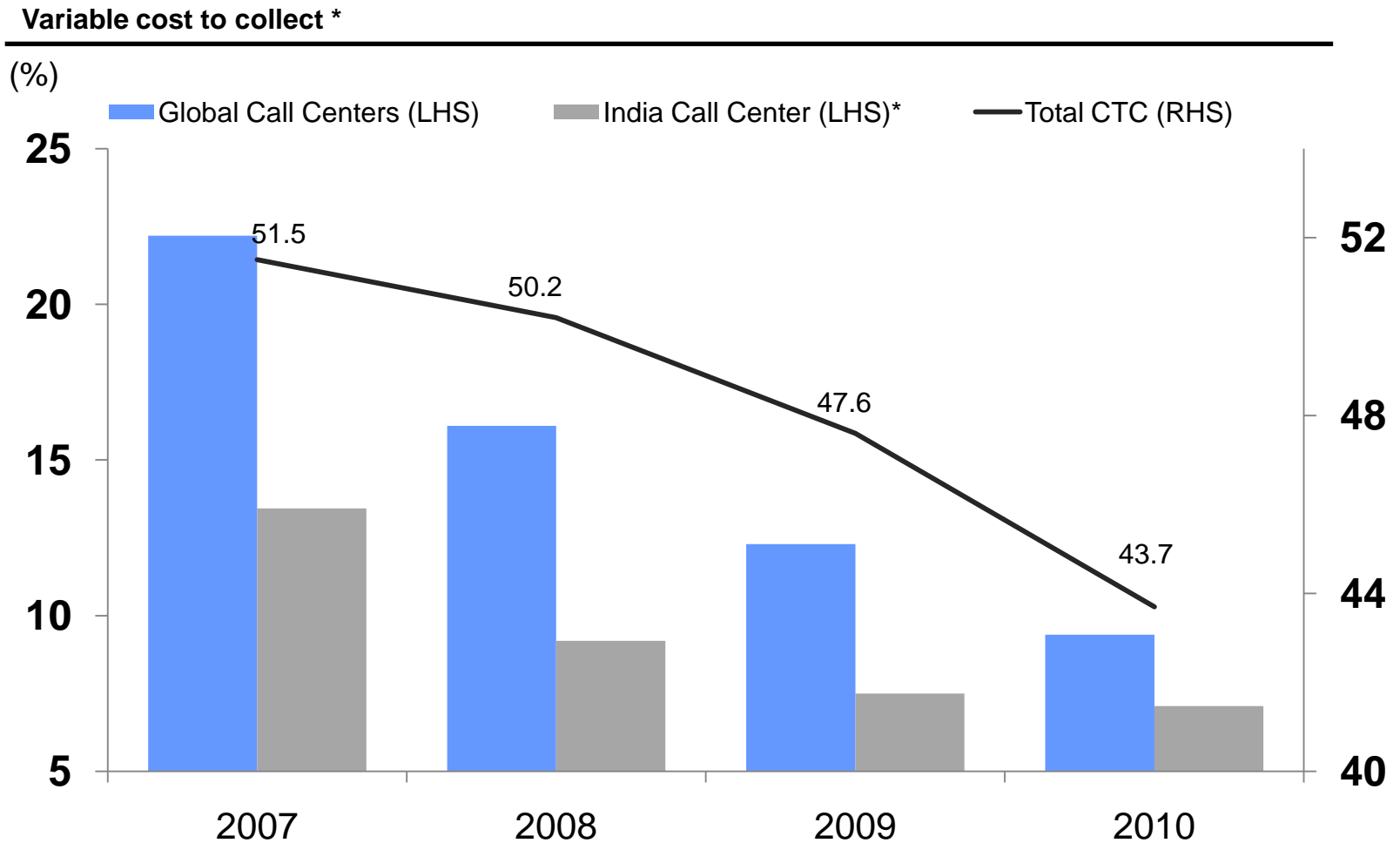
Collections from all call centers

(\$ millions)

■ India ■ U.S.



THE INCREASED CONTRIBUTION FROM INDIA, HAS REDUCED OUR INTERNAL, DIRECT COST-TO-COLLECT BY 58% OVER THE LAST 4 YEARS

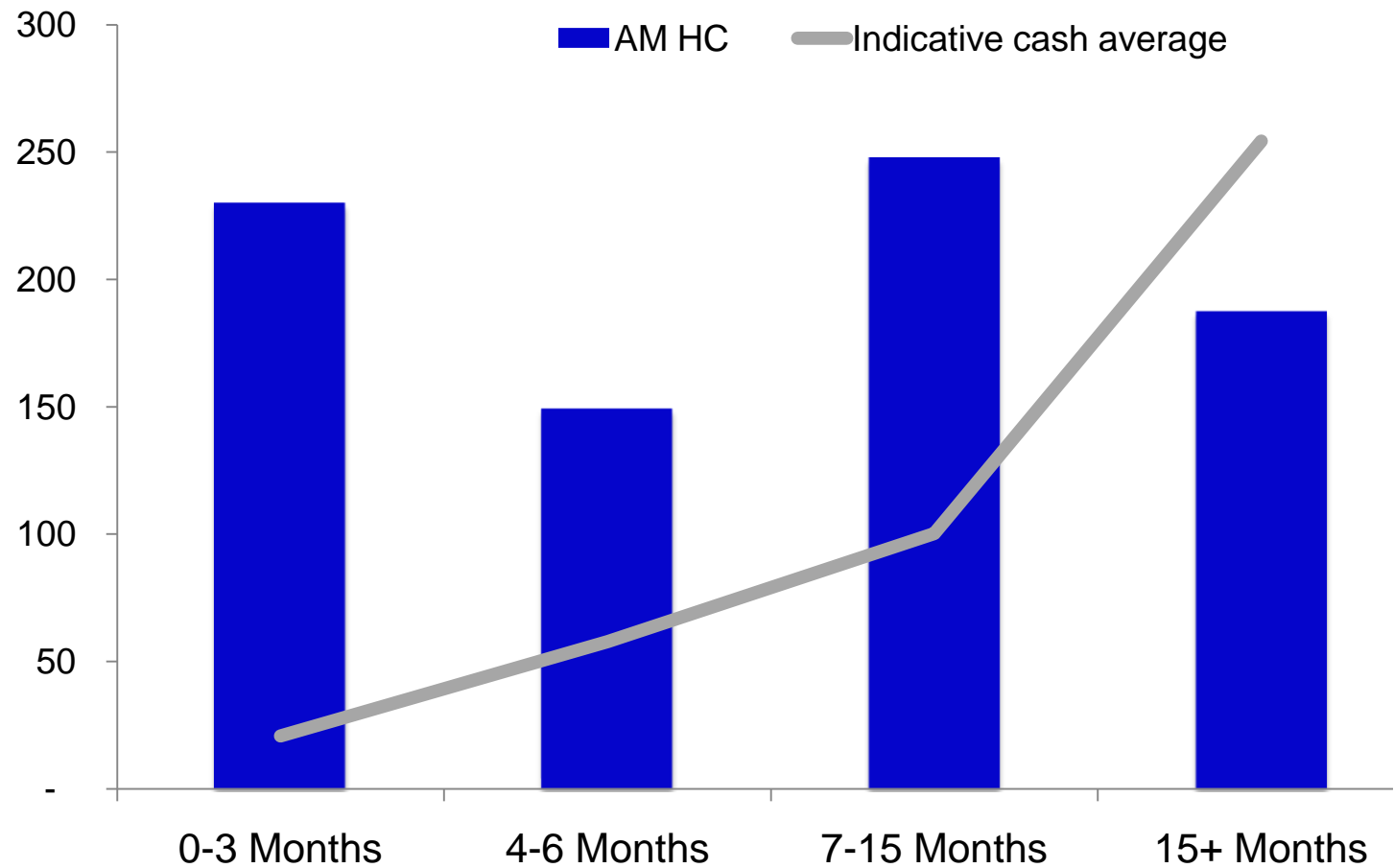


* Represents salaries, variable compensation and employee benefits

AND THE TREND SHOULD CONTINUE, AS A SIGNIFICANT PORTION OF OUR INDIA EMPLOYEES ARE STILL IN THEIR LEARNING CURVES

Encore India Account Manager headcount and indicative cash average

Headcount (number)*; Cash average (indicative)

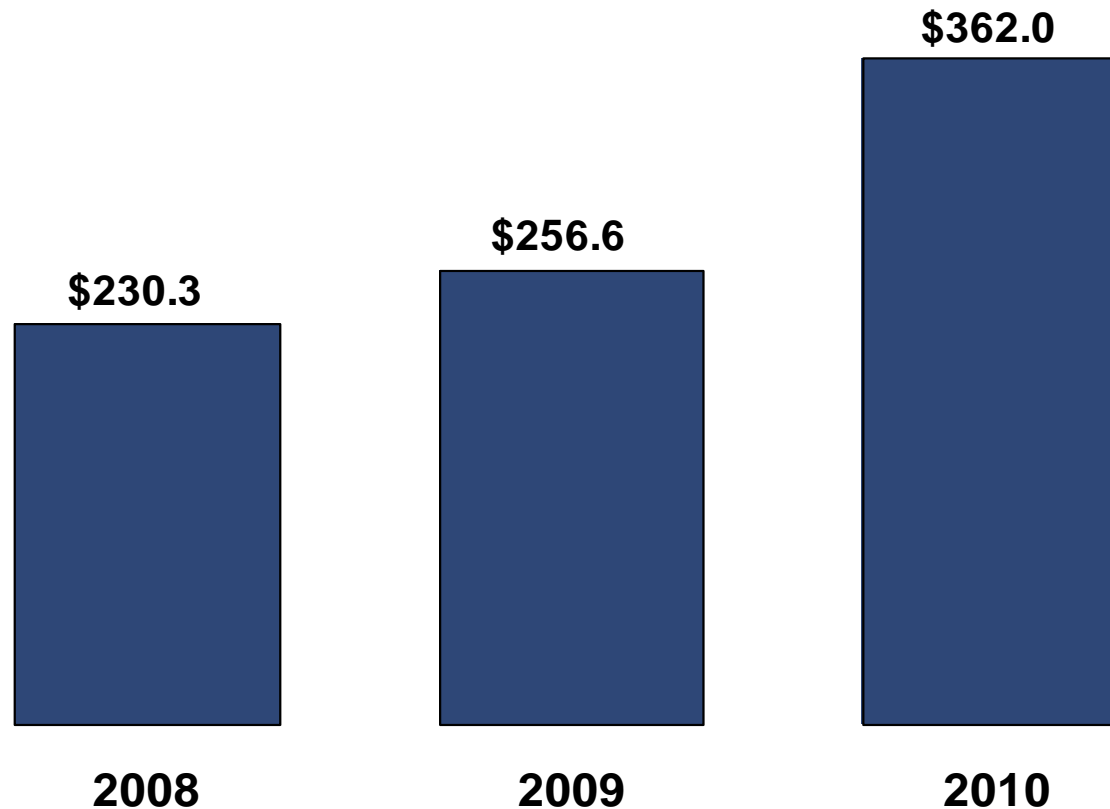


*Headcount data as of 12/31/2010

WE ARE INVESTING IN THE FUTURE THROUGH INCREASED PURCHASING VOLUMES

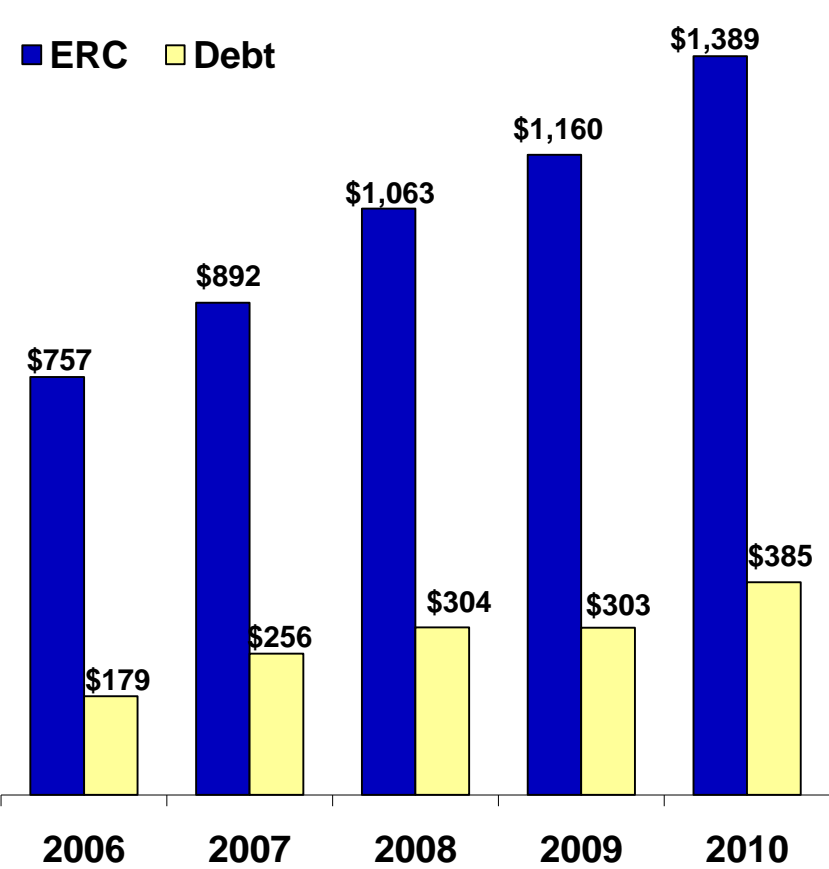
Full year purchases for 2008 - 2010

(\$ millions)

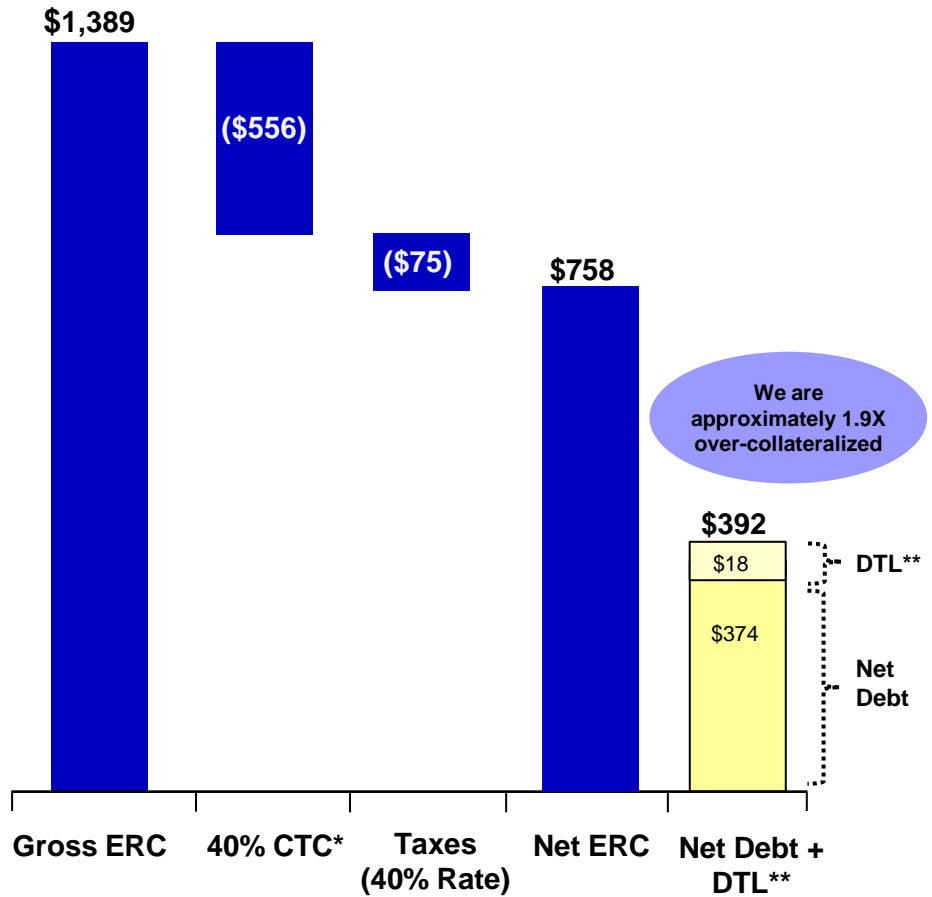


WHICH HAS MEANINGFULLY ENHANCED THE COMPANY'S EMBEDDED VALUE, WHILE MAINTAINING CONSERVATIVE RATIOS

Annual Estimated Remaining Gross Collection (ERC)
and Total Debt (\$ millions, at end of period)



Annual Estimated Remaining Net Collection (Net ERC)
and Net Debt + Deferred Taxes (\$ millions, at end of period)

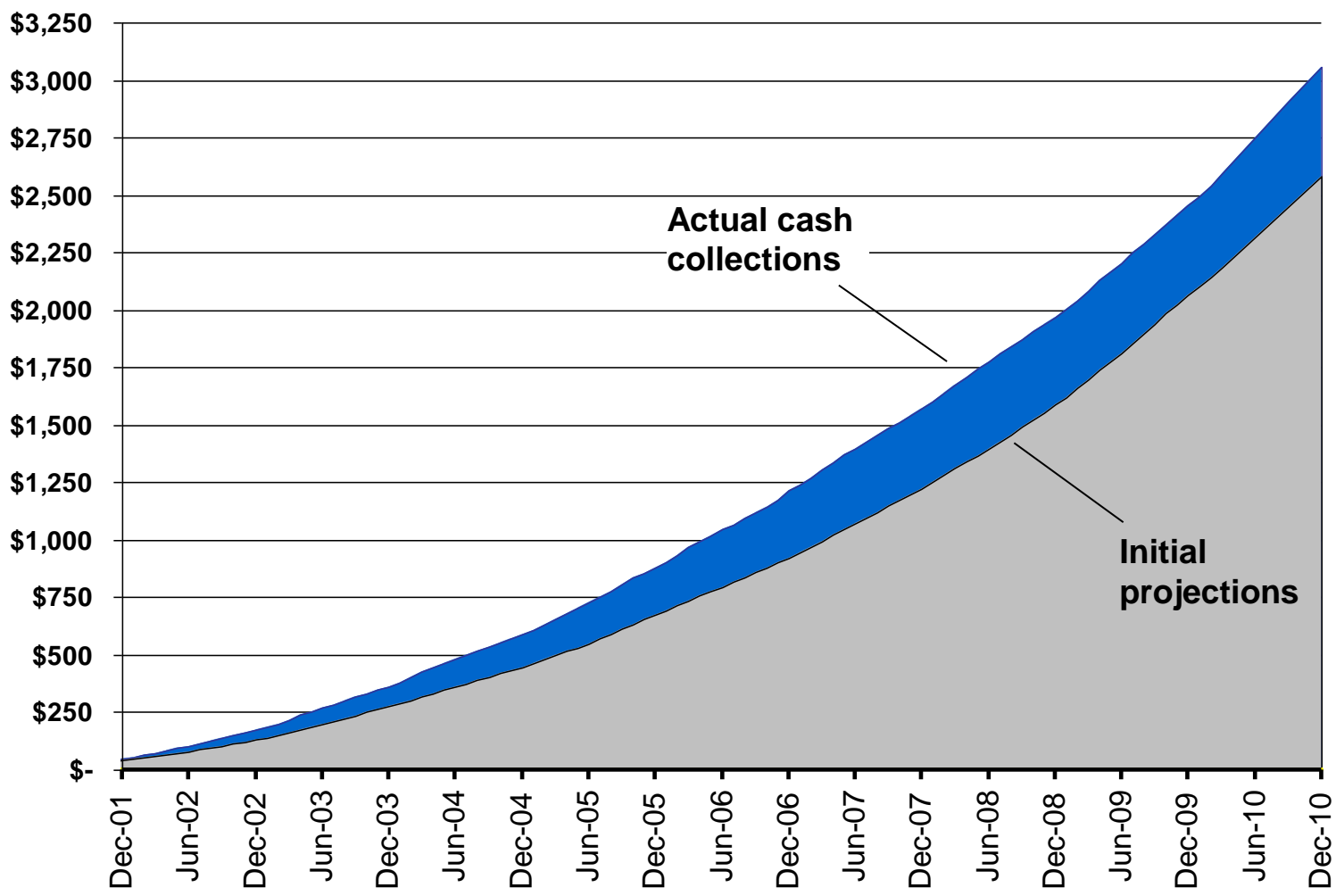


* CTC = Cost-to-Collect ** DTL = Deferred Tax Liability

WE BELIEVE THAT OUR CURRENT ESTIMATE OF REMAINING COLLECTIONS IS CONSERVATIVE GIVEN OUR HISTORY

Cumulative collections (initial expectation vs. actual)

(\$ millions, December 01 – December 10)



MARKET DYNAMICS INFLUENCE OUR APPROACH TO THE BUSINESS

Charge-offs remain elevated

Consumer credit continues to experience losses at near record levels

Supply more closely managed by the issuers

Demand increasing, albeit slowly

Few players with access to significant amounts of capital

Continued exit of large players, but others starting to gain traction

Consumer performance remains predictable

Our models continue to predict consumer behavior with a high degree of accuracy

Significant regulatory and legislative scrutiny

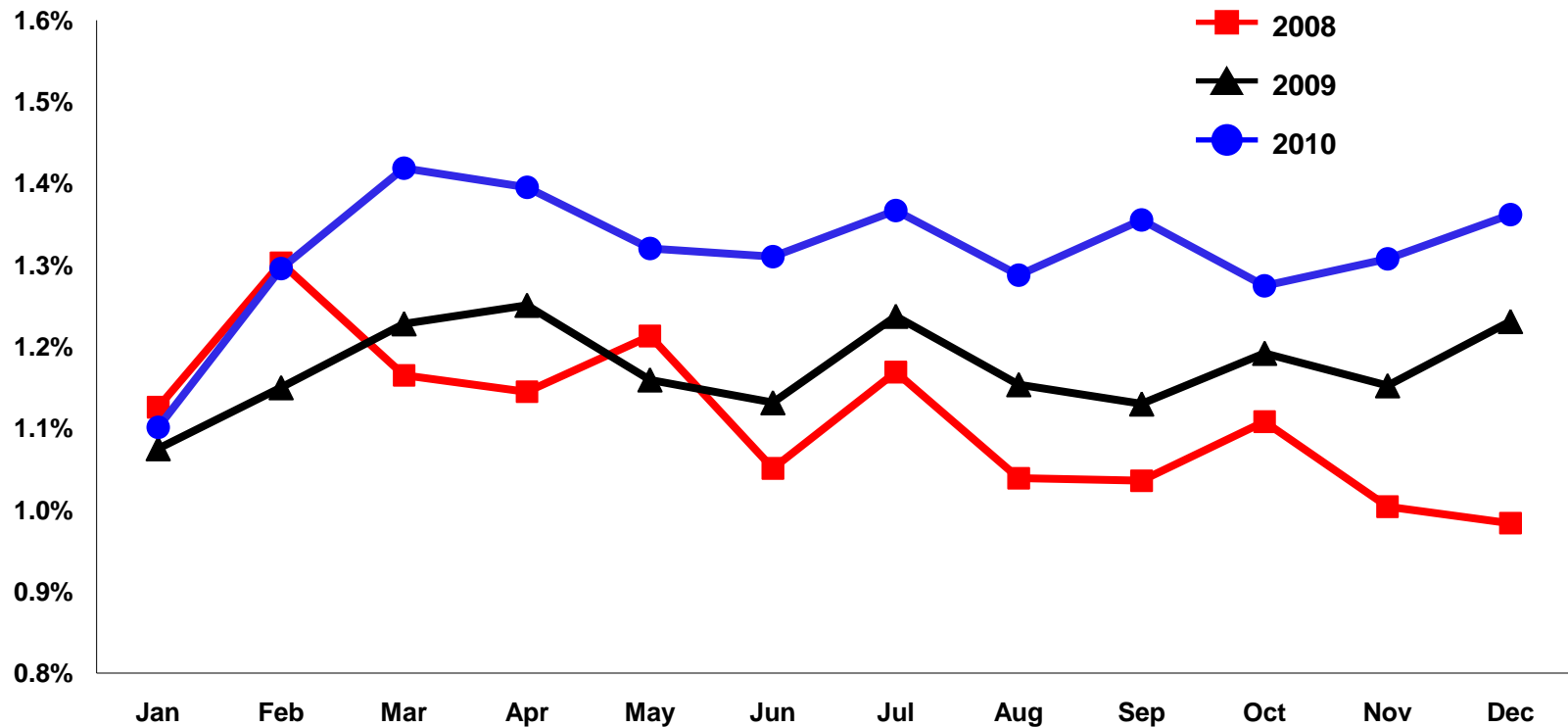
Both in our industry and in the financial services sector at large

DESPITE THE MACROECONOMIC HEADWINDS, OUR CONSUMER'S BEHAVIOR REMAINS CONSISTENT

<i>Metric</i>	<i>Recent trend</i>
<ul style="list-style-type: none">• Payer rates	<ul style="list-style-type: none">• Slightly upward
<ul style="list-style-type: none">• Average payment size	<ul style="list-style-type: none">• Stable
<ul style="list-style-type: none">• Single vs. multi-payers	<ul style="list-style-type: none">• More payment plans
<ul style="list-style-type: none">• Broken payer rates	<ul style="list-style-type: none">• Mild improvement
<ul style="list-style-type: none">• Settlement rates	<ul style="list-style-type: none">• Upward trend

IN FACT, WE SAW IMPROVEMENT IN PAYER RATES OVER THE PRIOR YEAR THROUGHOUT 2010

Overall payer rate for all active inventory

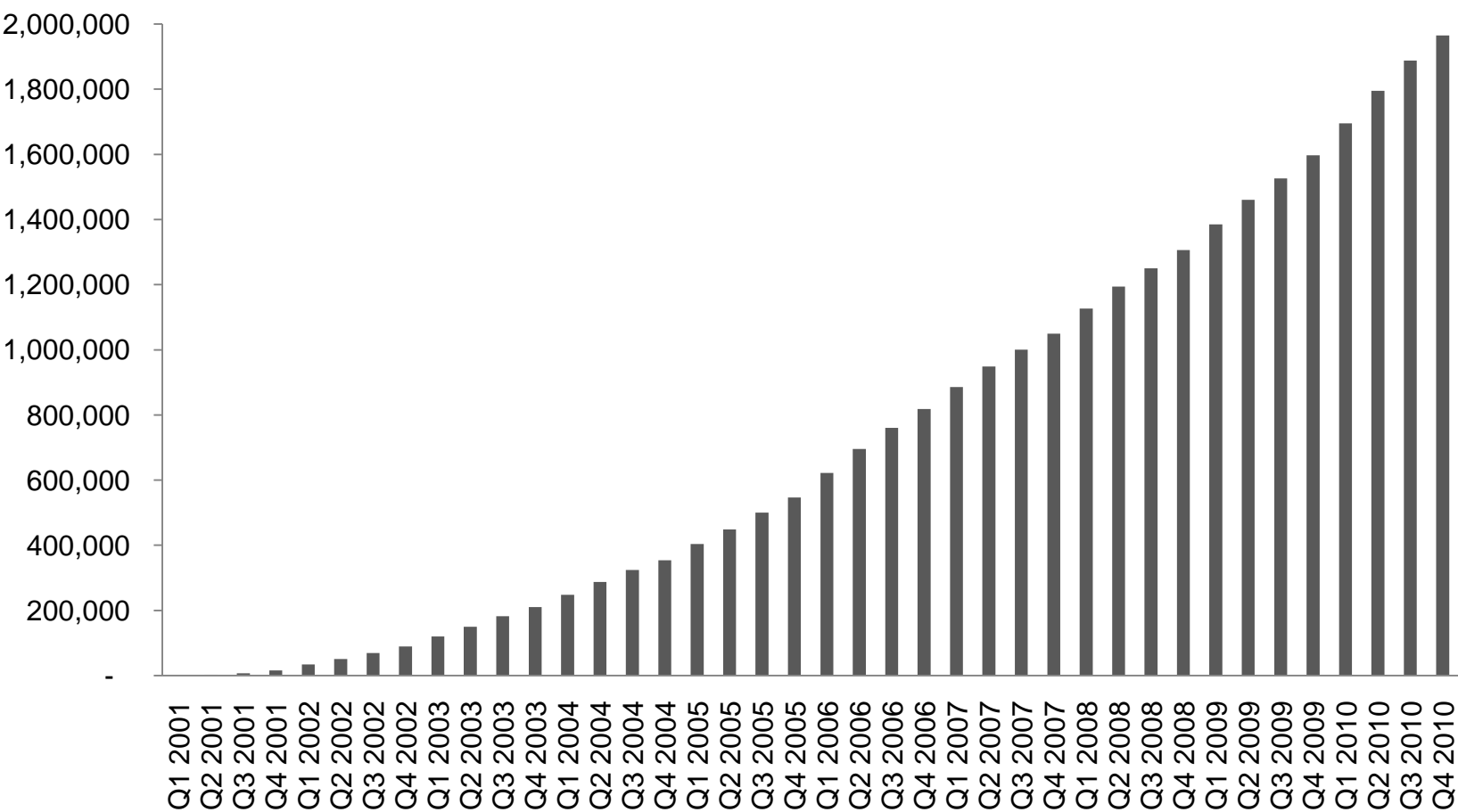


WE UNDERSTAND OUR CONSUMERS ARE GOING THROUGH A DIFFICULT TIME AND WE STRIVE TO IDENTIFY WAYS TO ENCOURAGE A DIALOGUE

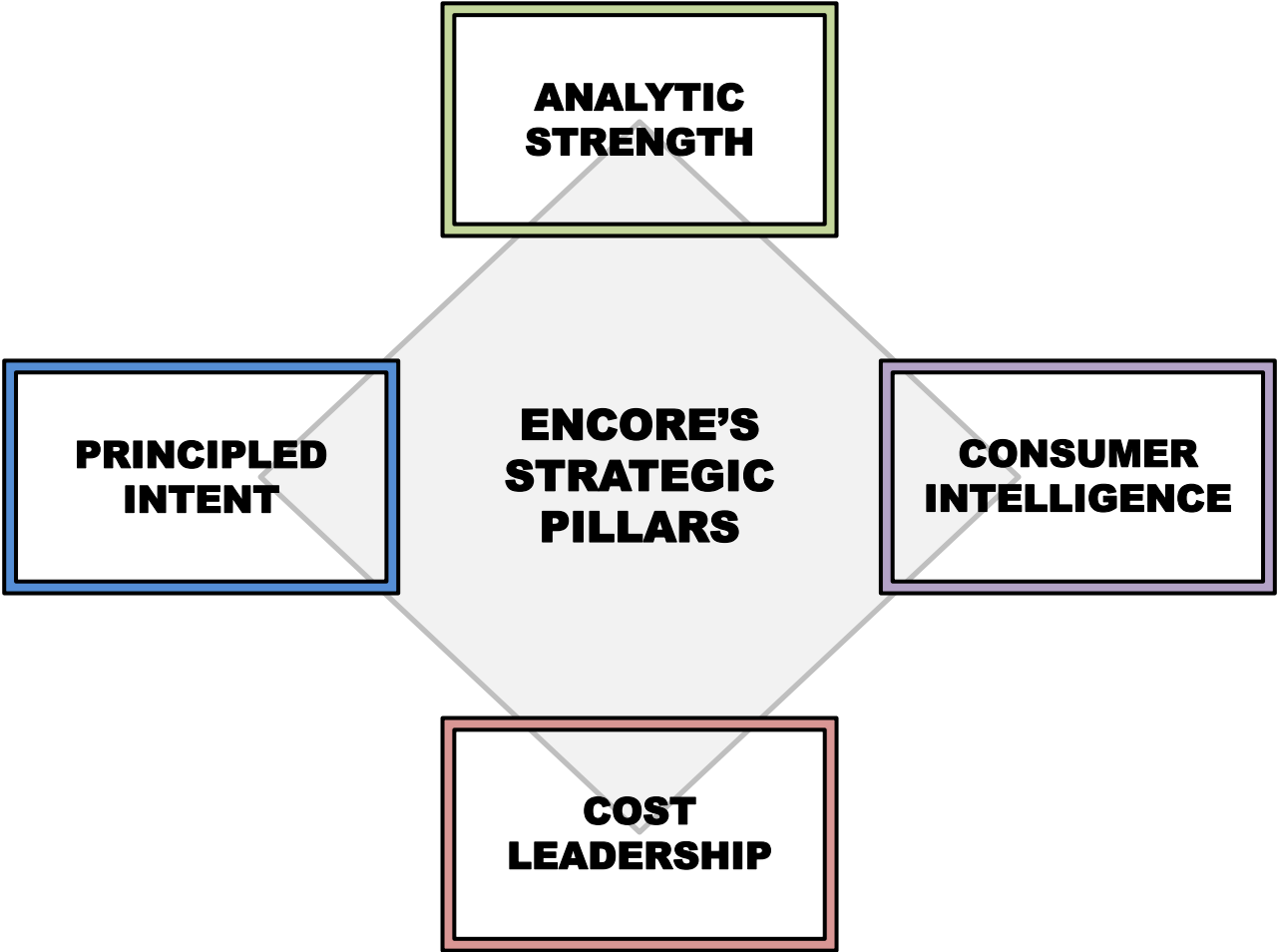
Operational practices	Activity
<ul style="list-style-type: none">• Interest policy	<ul style="list-style-type: none">• We do not charge interest during the course of payment plans to improve the likelihood that consumers will be able to fulfill their obligations
<ul style="list-style-type: none">• Discounts	<ul style="list-style-type: none">• We consistently provide significant discounts to consumers in an effort to establish a mutually beneficial negotiation
<ul style="list-style-type: none">• Outbound communication	<ul style="list-style-type: none">• It is our policy not to leave messages on answering machines (unless previous contact made) or intentionally contact third-parties out of respect for our consumers' privacy
<ul style="list-style-type: none">• Work segmentation	<ul style="list-style-type: none">• We use our suite of powerful analytic scores to identify those consumers that are unable to repay their obligations, and we proactively choose to forgo all work effort either temporarily or permanently

THESE PRACTICES HAVE ALLOWED US TO EFFECTIVELY HELP MILLIONS OF CONSUMERS

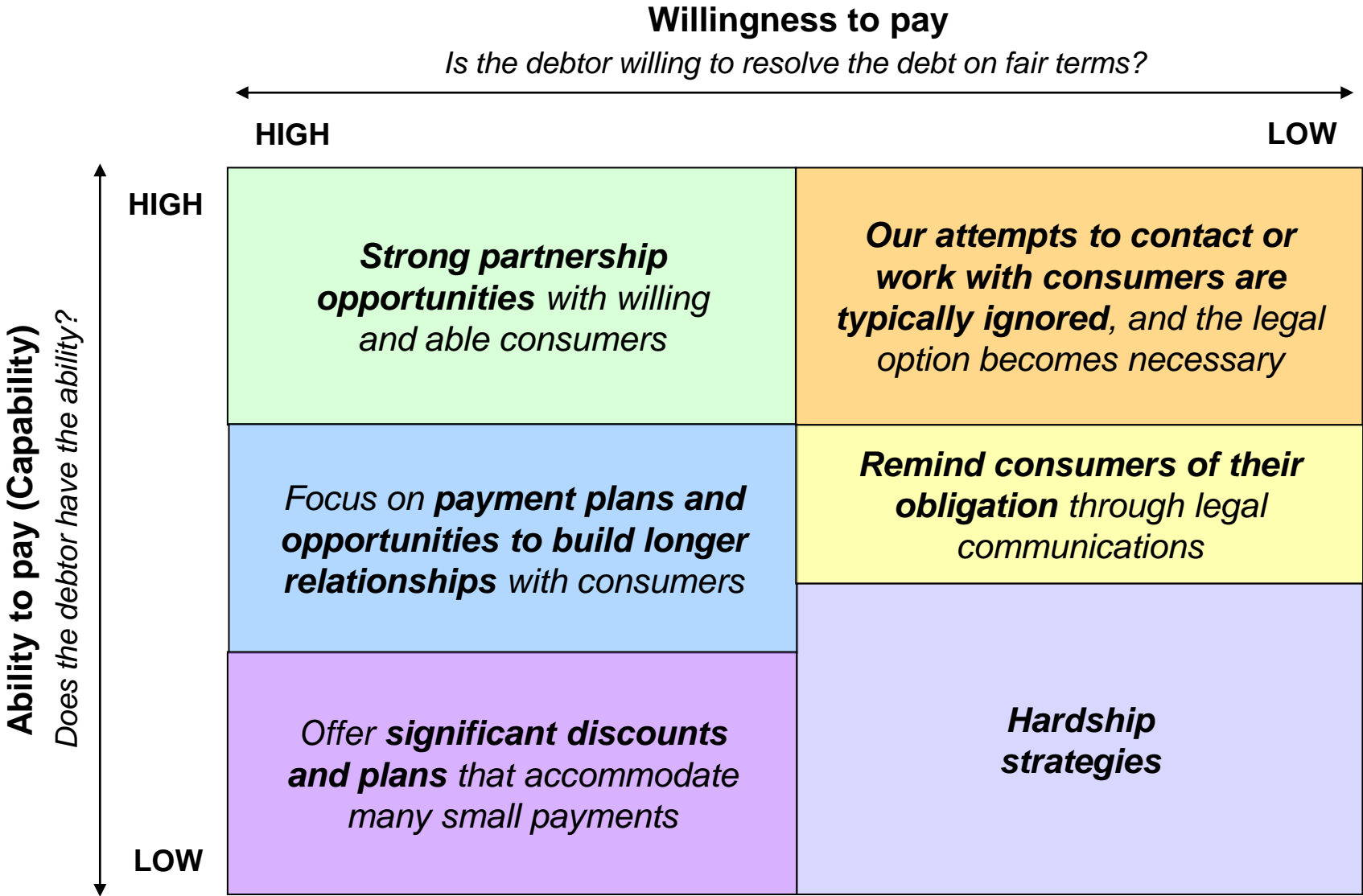
Consumers with whom we have partnered to retire their debt (cumulative)



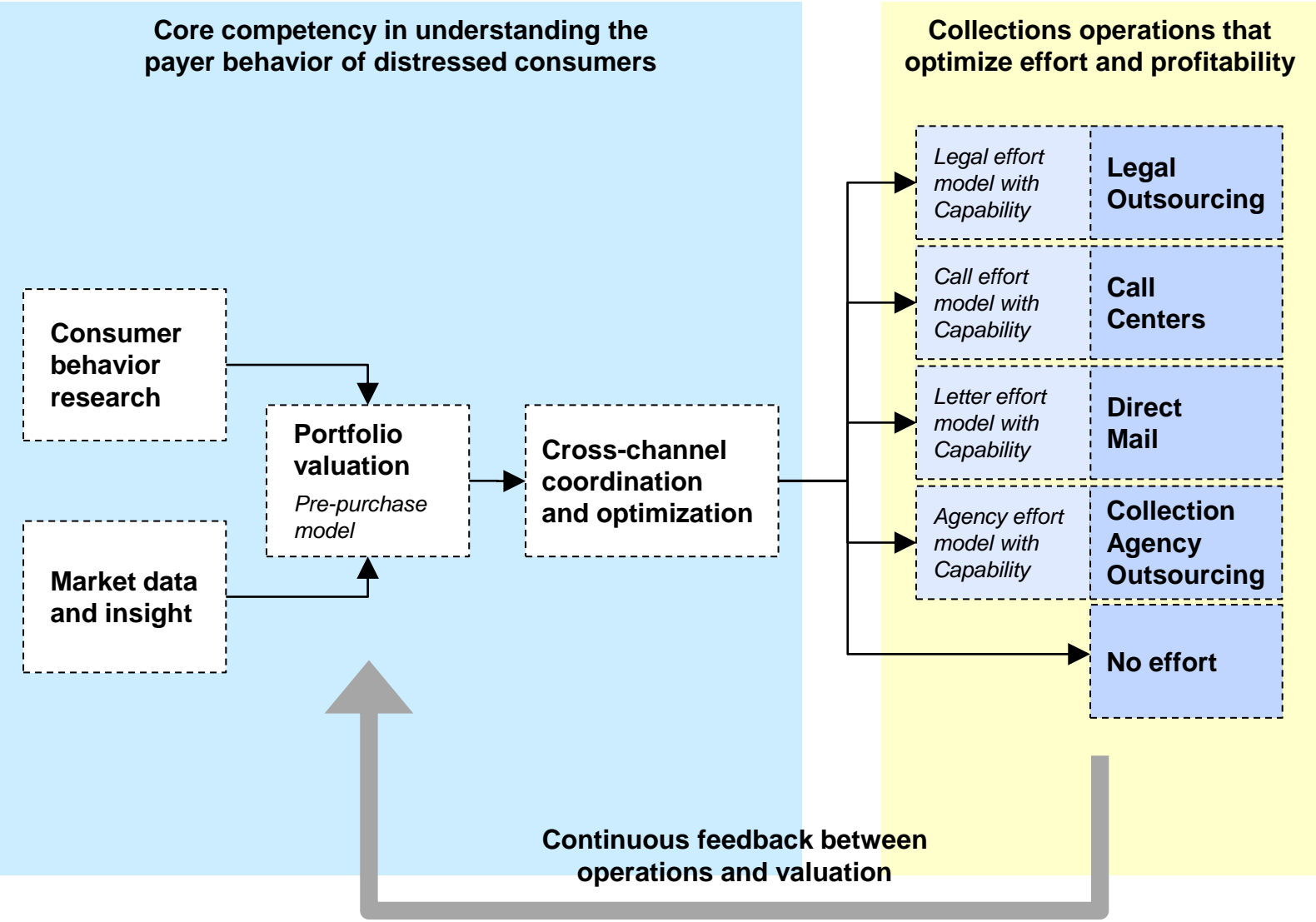
OUR OPERATIONAL SUCCESS IS BASED UPON FOUR STRATEGIC PRIORITIES



OUR ANALYTIC INSIGHTS ALLOW US TO MATCH OUR COLLECTION APPROACH TO THE INDIVIDUAL CONSUMER’S PAYMENT BEHAVIOR

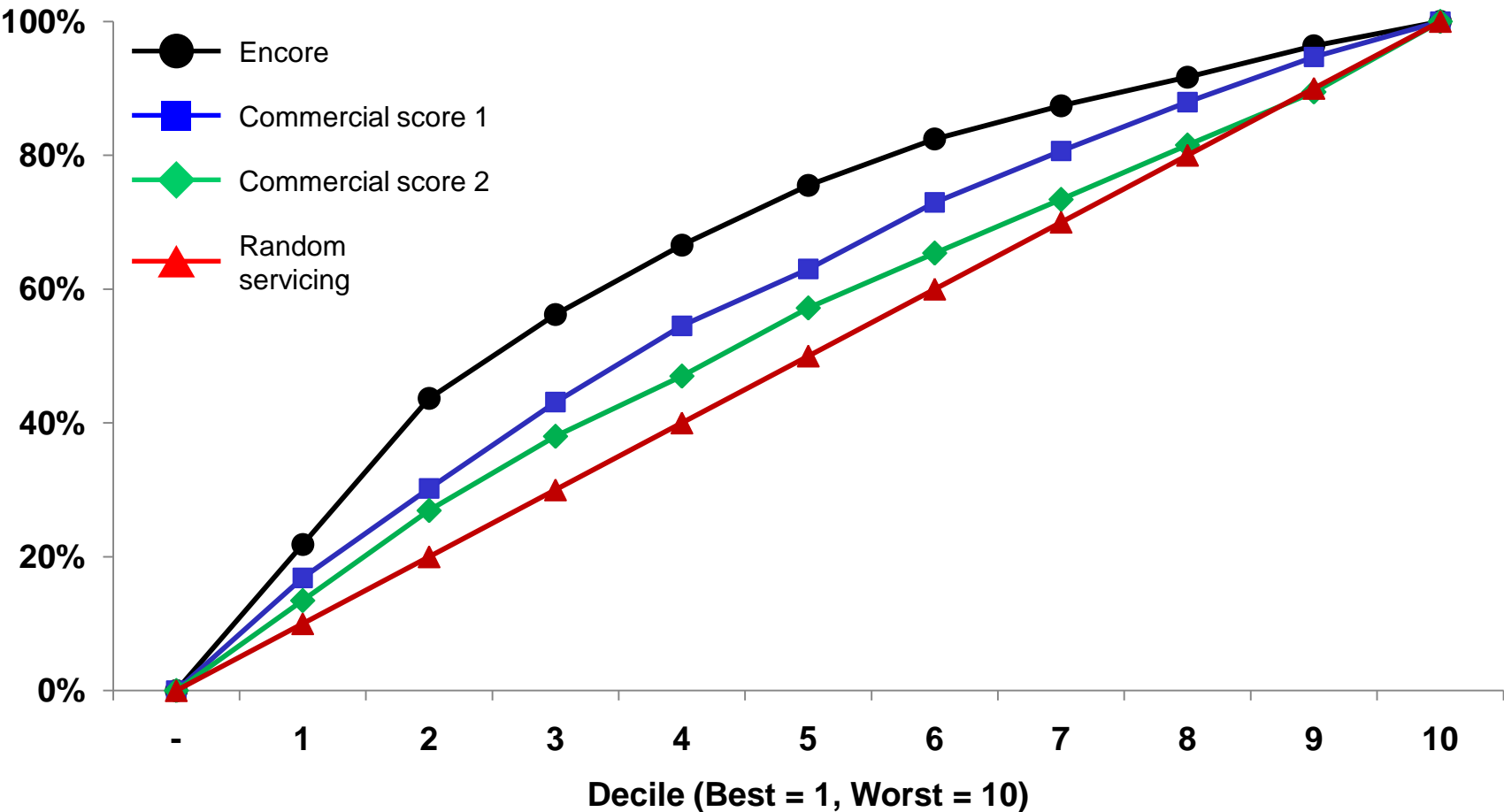


OUR ANALYTIC REACH EXTENDS FROM PRE-PURCHASE THROUGHOUT OUR ENTIRE OWNERSHIP PERIOD



AND IS SUPERIOR TO WHAT CAN BE ACQUIRED COMMERCIALLY

Collections lift over deciles, comparing Encore's ability-to-pay model against both commercial scores and random servicing strategies



OUR CONSUMER-CENTRIC FOCUS ENABLES US TO PROACTIVELY DEAL WITH THE INCREASING REGULATORY ACTIVITY

Technology

Proprietary software platforms allow the company to make changes as new regulations and laws emerge

Data management

Sophisticated software and analytics platforms ensure that all data-driven activities are compliant

Training

Expanded legal and quality assurance teams partner with training department to keep account managers abreast of changes

Self-discipline

Zero tolerance policy in place to address errors by account managers

- Favorable supply and demand dynamics have existed since 2008, with only a few credible, large buyers
- Analytic insights inform our valuation and operating strategies and allow for a closer partnership with consumers
- Operational and financial leverage is increasing, largely due to our successful operating center in India
- Strong performance is expected to continue

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	3/31/10	6/30/10	9/30/10	12/31/10
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	10,861	11,730	12,290	14,171
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	4,538	4,880	4,928	5,003
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	6,490	6,749	6,632	9,075
Depreciation and amortization	869	840	833	810	722	766	674	652	623	620	652	697	673	752	816	958
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	58,265	64,901	63,507	53,427
Stock-based compensation expense	801	1,204	1,281	1,001	1,094	1,228	860	382	1,080	994	1,261	1,049	1,761	1,446	1,549	1,254
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	82,588	90,458	89,722	83,888

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