

The State & Future of the ARM Industry

by
Mike Ginsberg
President & CEO

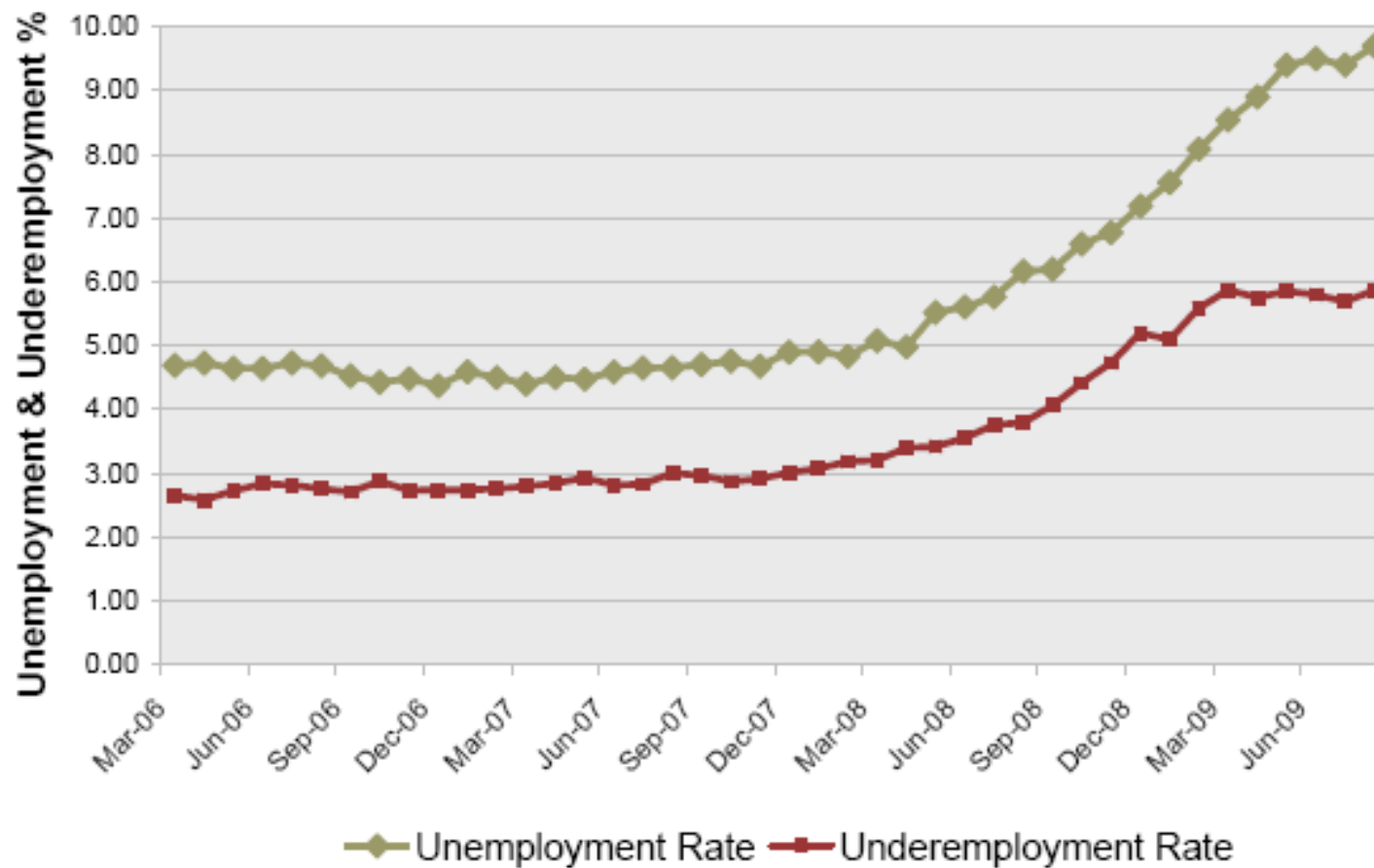
September 18, 2009



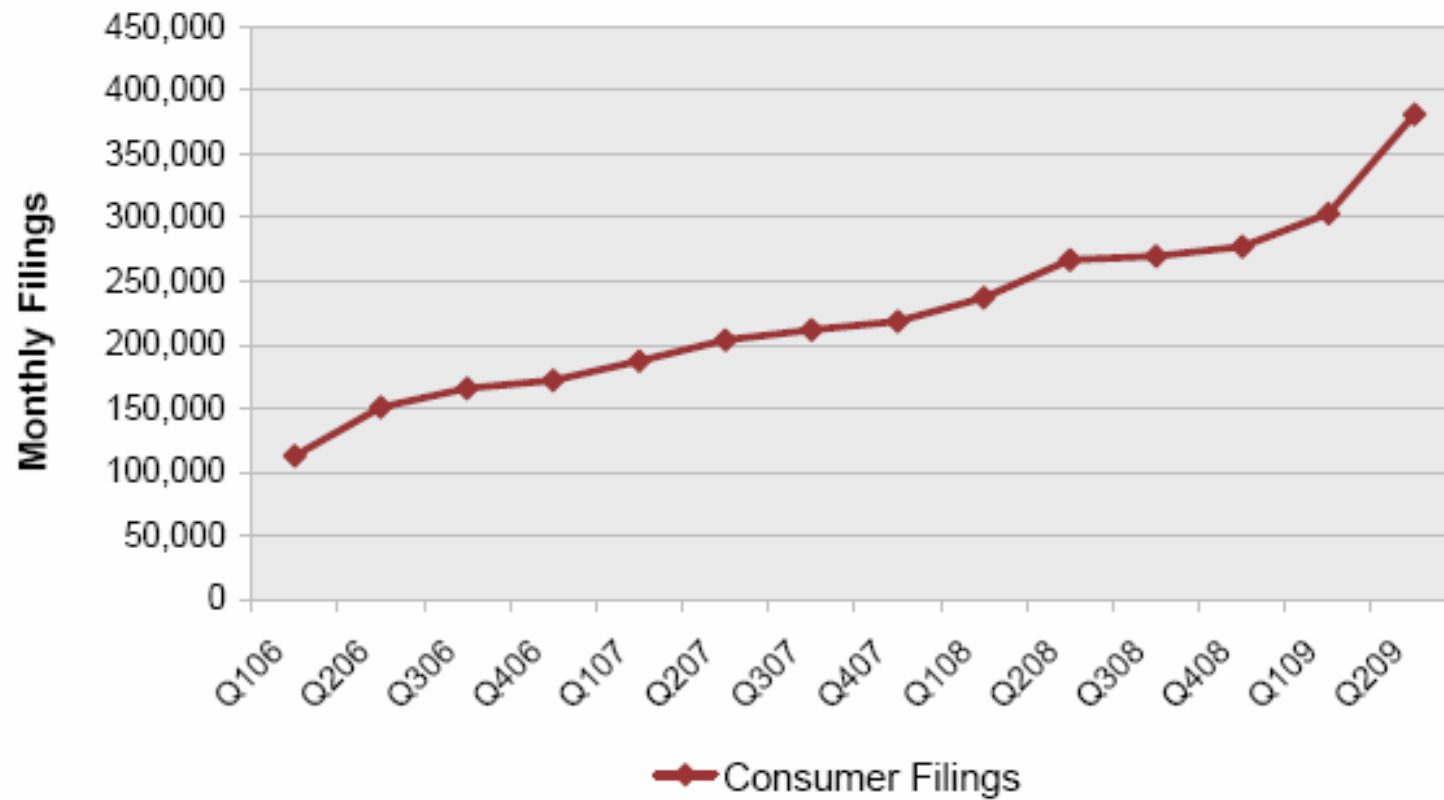
Today's Topics

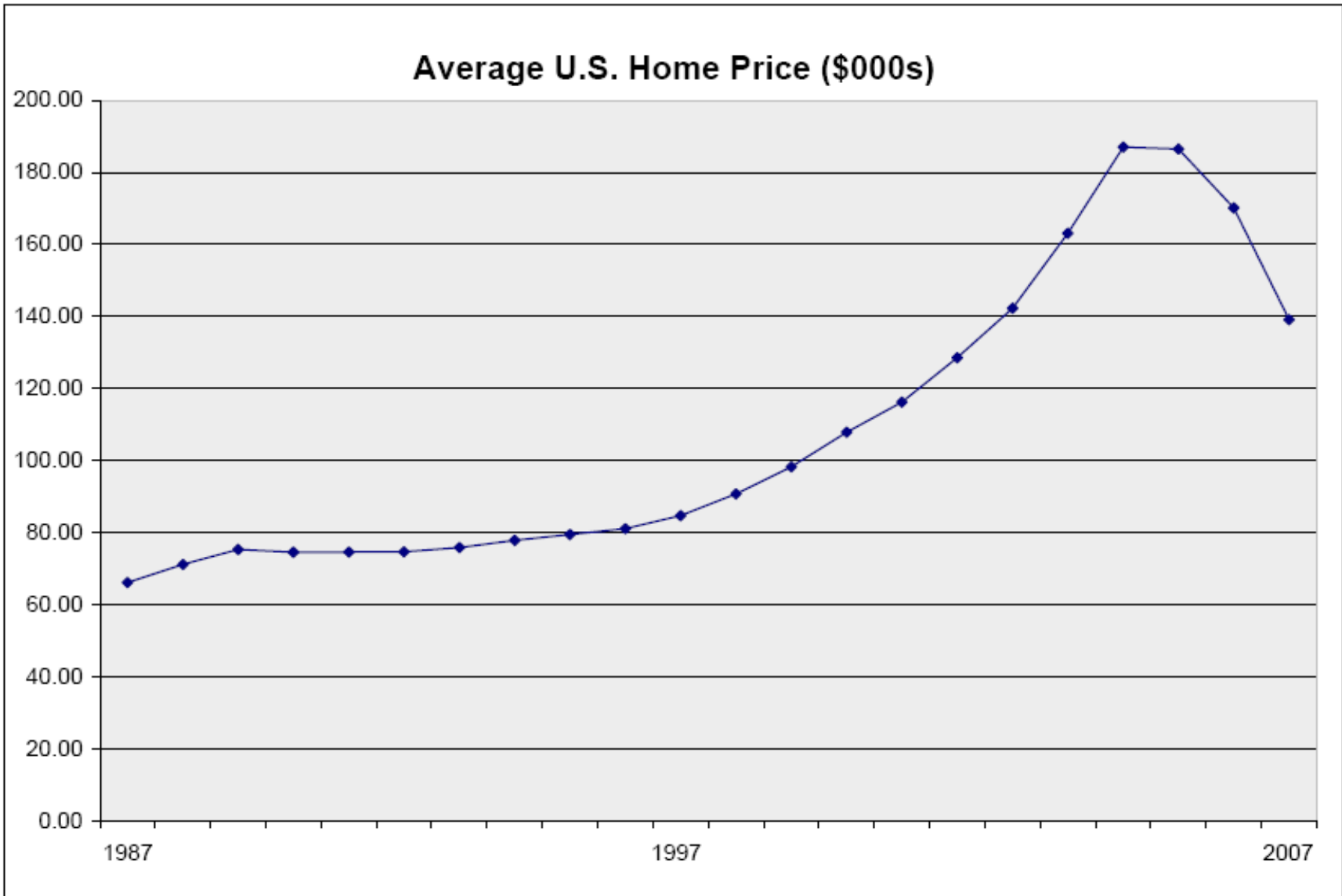
- Economic Indicators Impacting Recoveries
- Market Trends
- M&A Activity
- What Can We Expect?

Unemployment Comparison

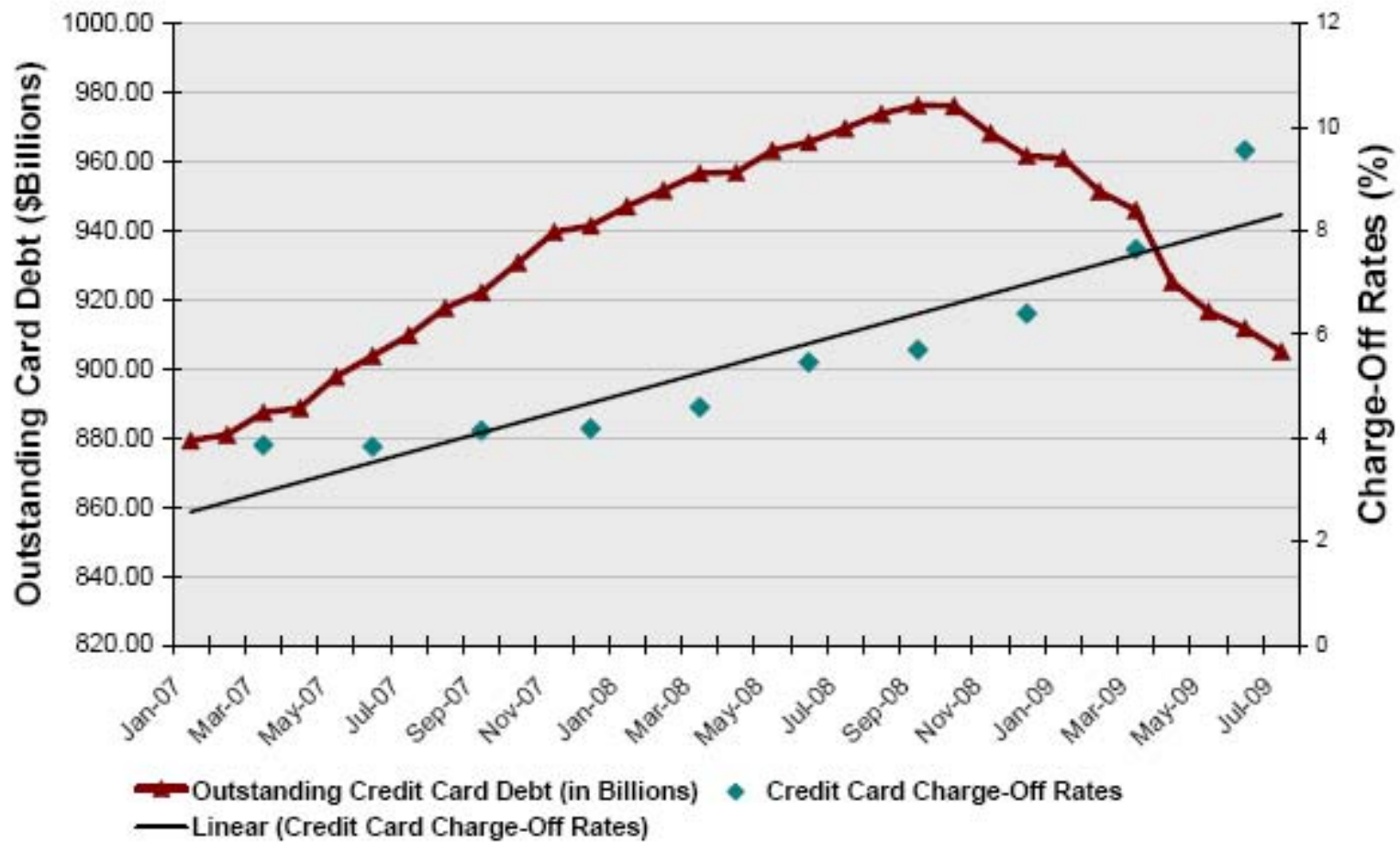


Consumer Bankruptcy Filings





Changes in Total Credit Card Debt



ARM Market Trends

- Capital crunch continues
- Inside ARM.com Confidence Survey telling
- AGs and media scrutiny intensifies
- Placement volumes soar, liquidations down across virtually all sectors

ARM Market Trends

- Continued increase in outsourcing, decrease in debt sales
- Market in midst of massive clean-up process
- Changes in student lending and healthcare reform closely watched

M&A Activity

- Volume down, activity driven by industry & select strategic buyers
- Some buyers seek distressed companies
- Collection agencies still trading on a multiple of adjusted EBITDA, sustainability a must
- Debt buyers predominantly valued based on assets under management
- Capital gains expected increase under Obama administration, could drive some to sell

Future Trends

- More pressure on service providers as outsourcing continues, expand or contract?
- Liquidation rates will drop more before improving
- Consumers will pay off debt at record levels, placement spike will be short lived
- More owners will evaluate client profitability on an individual basis, no more loss-leaders

Future Trends

- Peer benchmark groups will be established
- Marketing, advertising, and collection strategies will be overhauled, social media
- Execs will think twice about establishing off-shore joint ventures
- Securing growth capital will continue to be challenging, creative options prevail

Future Trends

- Public auctions for portfolios sales will be replaced by private, structured transactions
- Debt buyers & service providers will form partnerships to purchase/service select portfolios
- Consolidation/attrition among servicers & debt buyers



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