Portfolio Recovery Associates, Inc. ®

We're giving debt collection a good name.®

Safe Harbor Statement

Statements herein which are not historical, including Portfolio Recovery Associates' or management's intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include references to Portfolio Recovery Associates' presentations and web cast. The forward-looking statements contained herein are based upon management's beliefs, assumptions and expectations of the Company's future operations and economic performance, taking into account currently available information. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties, some of which are not currently known to us. Actual events or results may differ from those expressed or implied in any such forward-looking statements as a result of various factors including the risk factors and other risks that are described from time to time in the Company's filings with the Securities and Exchange Commission, including but not limited to its Registration Statements on Form S-1, its annual report on Form 10-K for the year ended December 31, 2003, and any quarterly reports on Form 10-Q, filed with the Securities and Exchange Commission and available through the Company's website, which contain a more detailed discussion of the Company's business, including risks and uncertainties that may affect future results. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or to reflect any change in events, conditions or circumstances on which any such forward-looking statements are based, in whole or in part.

Our Business - Debt Purchase and Collection

Raw Material

Charged off consumer accounts
- Visa/MC, private label cc, lines of credit, student loans, consumer finance loans, tel-com bills, etc.

Business Process = Value Creation

Automated, specialized process. Efficient and experienced collectors working accounts segmented and prioritized based on account level collectibility.

Long Term Results

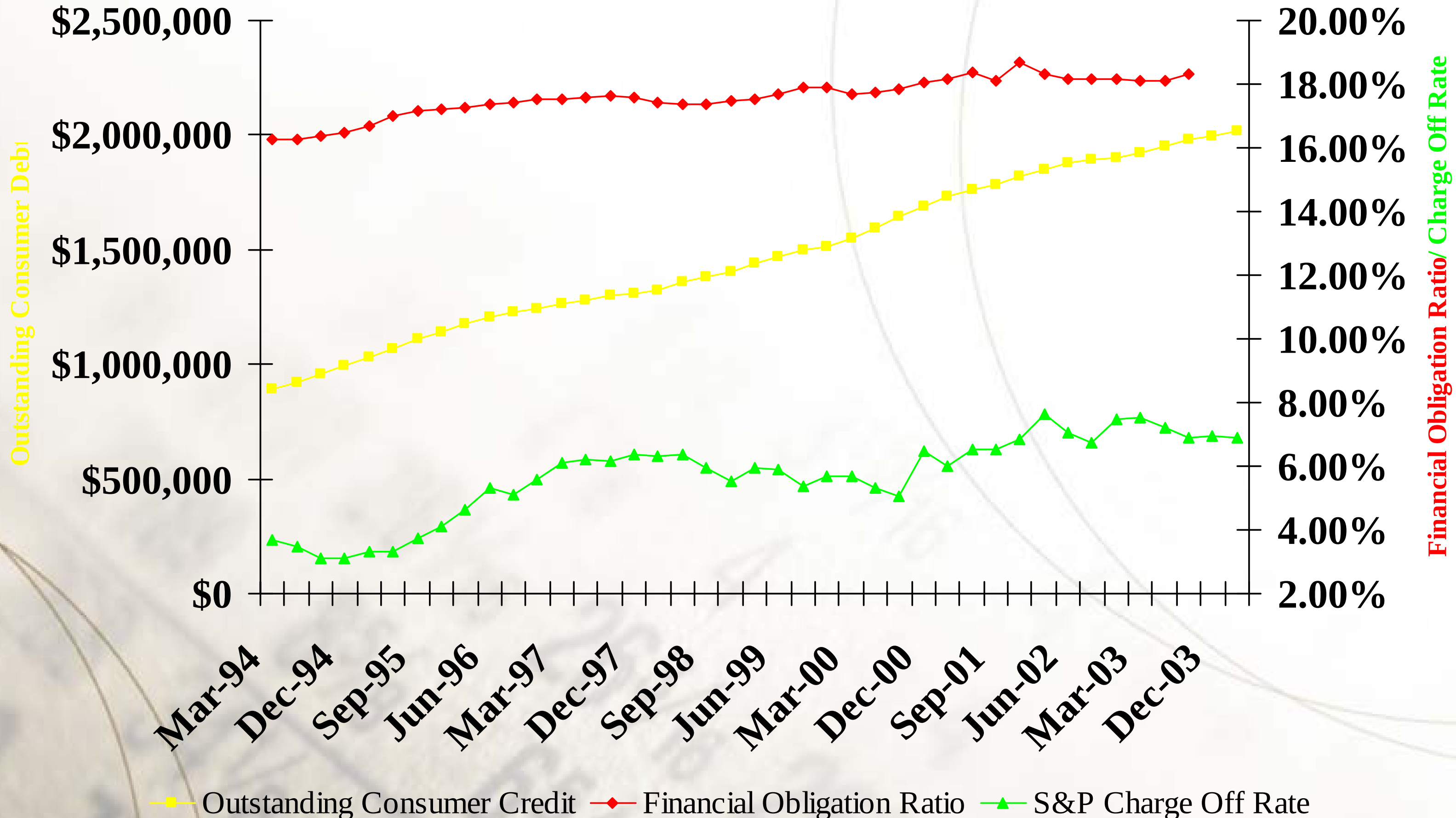
Portfolios liquidated over 5-7 years.

Large and Growing Market Opportunity

• Consumer Debt	➡	$2.0 trillion (doubled since 1/95)
• Total portfolios sold - 2003	➡	$68-$75 billion
• Annual industry revenue	➡	Over $13 billion
• Fragmented industry	➡	6,000 providers
• New sources of product	➡	telecom (cell, LD, residential) utility, student loan, auto, BK 13, healthcare, etc.

Rising Levels of Debt and Charge Off

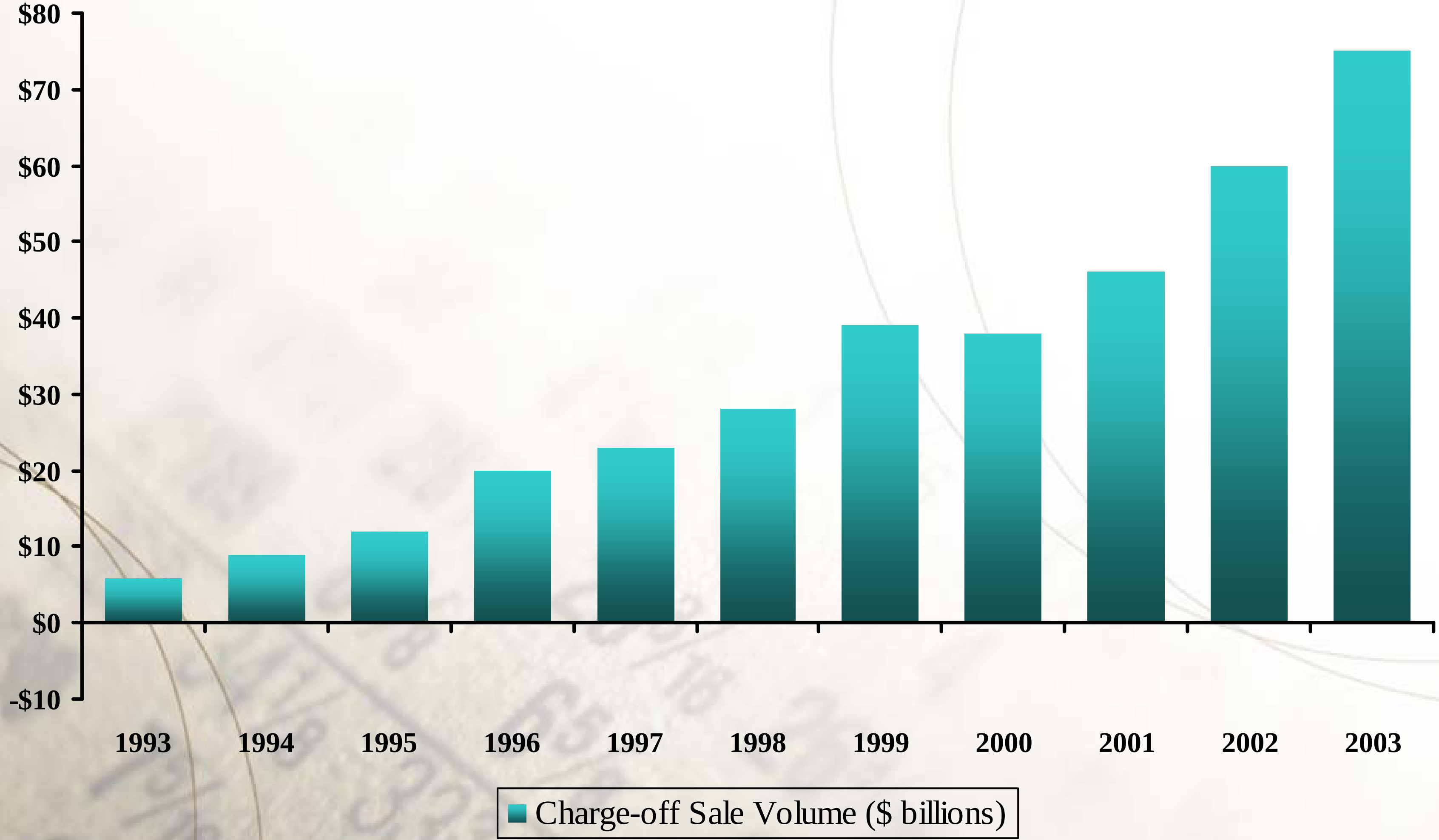
(000's omitted)



Source: Federal Reserve Board, Standard & Poors.

Charge-Off Market Sale Volume, 1993-2003

Average Annual Growth: 29.9%
CAGR: 28.7%



Source: Keefe, Bruuyette and Woods

Core Drivers of Our Business

<u>Four Key Levers:</u>

Disciplined Buying	Accurate, account level, proprietary pricing models
Effective Collections	Unique, long-term collection process
Conservatively Capitalized	Do not dilute returns with participating or high coupon debt
Controlled Costs	Accomplish this all in a low-cost environment

Staying Nimble Key to Portfolio Acquisitions

- Diversified buyer across delinquency (age) and asset types
  - allows us to go to value
  - reduces risk of over-concentration

- More than 55 buying relationships since inception
  - Q1 buying in 27 deals
  - Q1 buying from 11 sellers

- Vast majority of top bank credit card and store card issuers

Disciplined Buying Drives Long-term Results

Firm foundation for future cash collections

Disciplined Approach to Acquiring Portfolios

Portfolio Offered for Sale → **Rigorous Analytical Diligence** → **Investment Committee Approval** → **Submit Bid & Negotiate Terms** → **Close Transaction**

Portfolio Offered for Sale

- Auction
- Negotiated sale
- Forward Flow

Rigorous Analytical Diligence

- Proprietary regression and adjustment model
- Leverage data from existing pools
- Project cash collections and related expenses
- On site due diligence

Investment Committee Approval

- Portfolio acquisition approval memorandum
- Sets maximum bid price

Submit Bid & Negotiate Terms

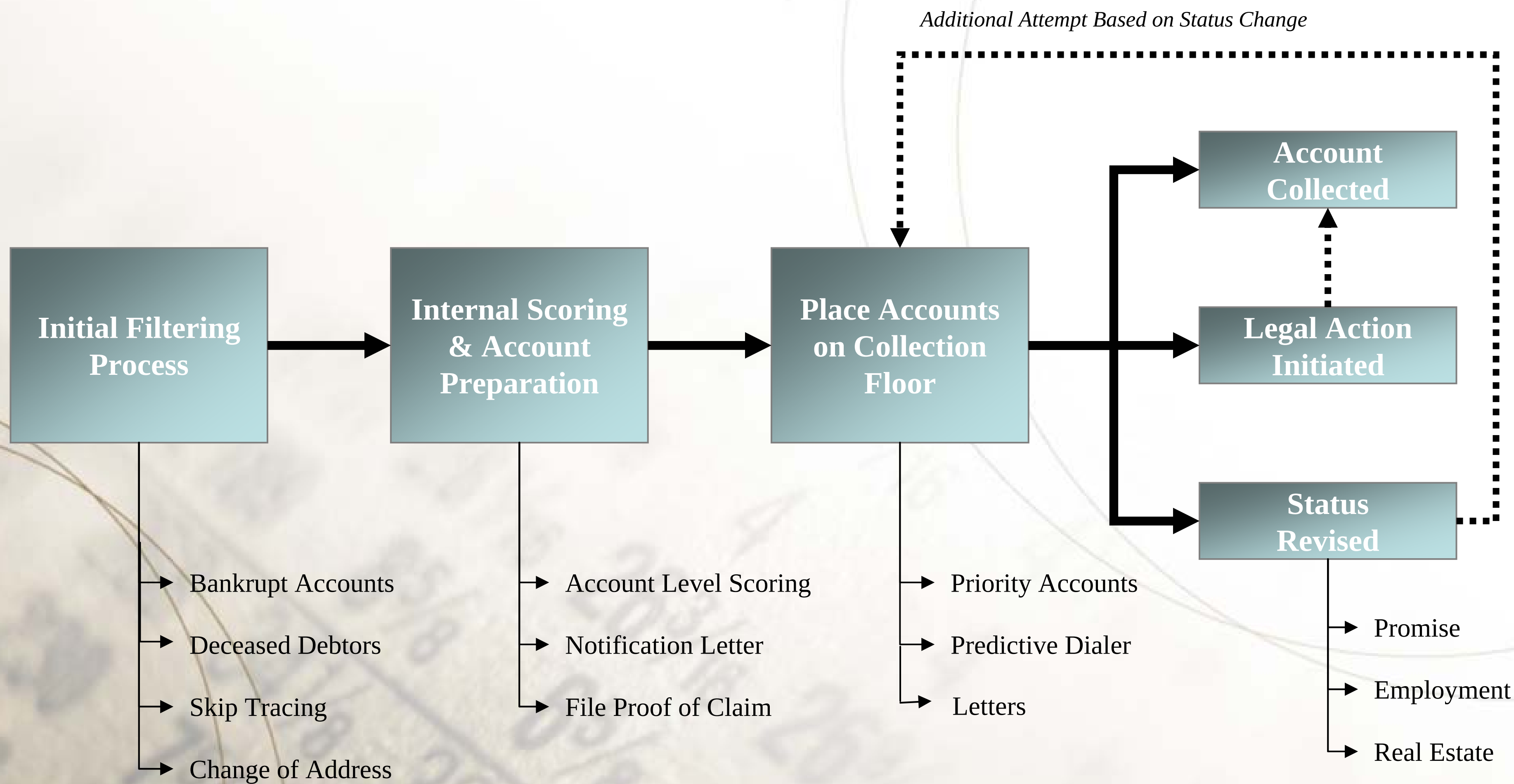
- Price and customary terms
- Provisions for bankrupt, disputed, fraudulent and deceased accounts

Close Transaction

- Transaction documented

Highly Productive Collections Process

90% of employees are collectors or first level supervisors



Growth Strategy

Continued Focus

- Match portfolio acquisitions to our ability to profitably collect
- Maintain conservative capital structure while continuing portfolio acquisitions
- Leverage existing infrastructure and management
- Increase collector productivity and operational efficiency
- Grow contingent fee business

New Initiatives

- Leverage expertise into other asset types
- Selectively pursue group hires or acquisitions

Financial Overview

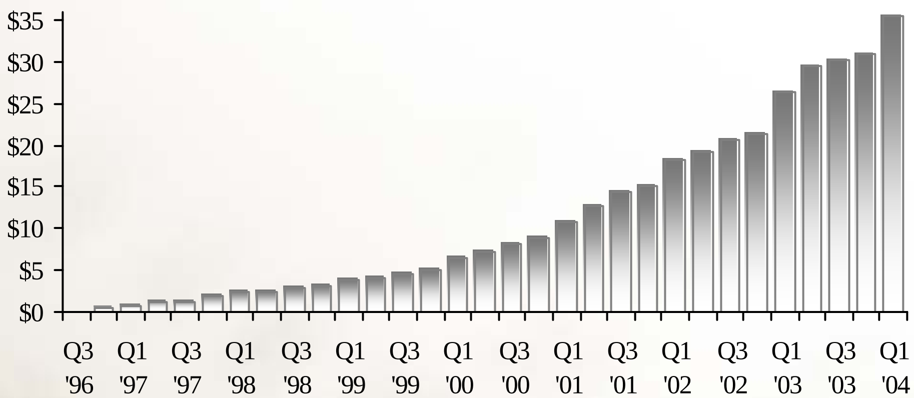
Strong First-Quarter Growth

- Net income of $6.0 million, up 33% over Q1 2003
- EPS up 31% to $0.38 for the quarter
- Debt purchases of $15.0 million
  - Blended rate of 2.46%
  - 11 sellers, 27 pools
- Revenue growth of 38% to $25.3 million

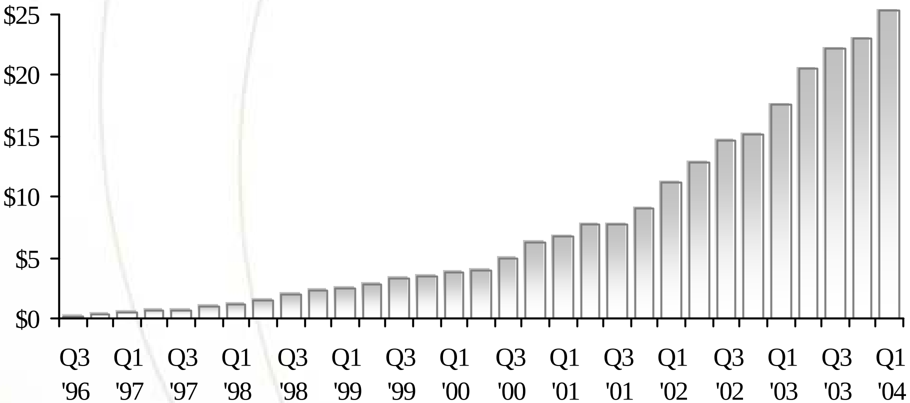
Disciplined Approach to Growth, Expenses…

($ in millions)

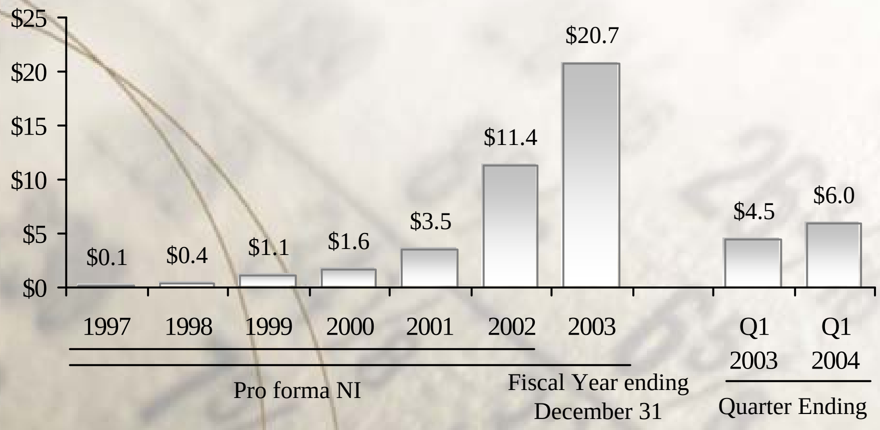
Quarterly Cash Collections



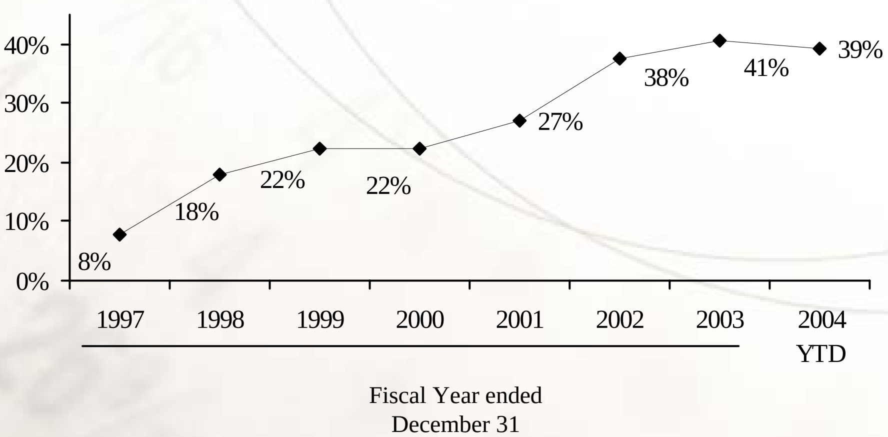
Quarterly Revenues



Net Income



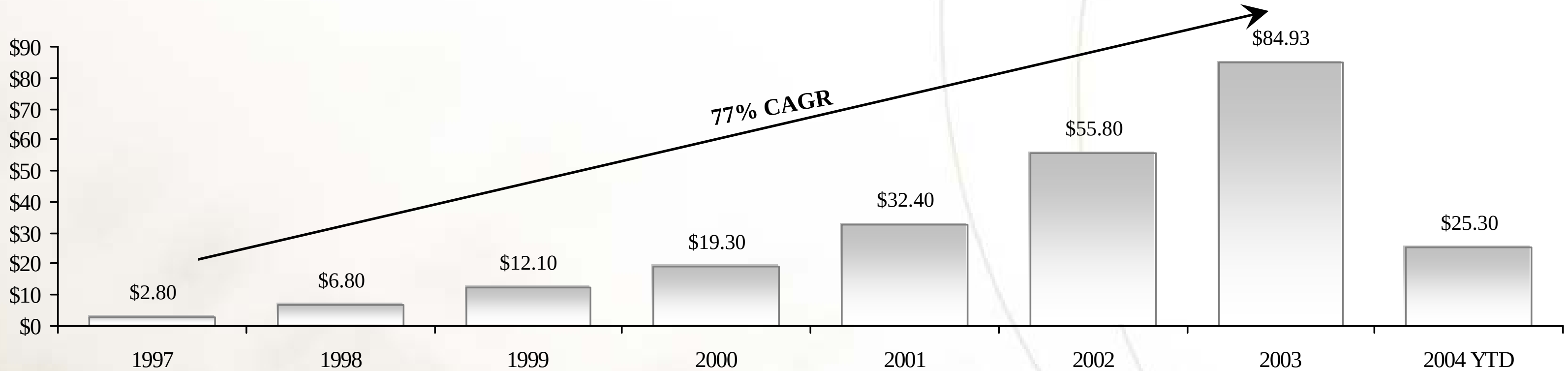
Operating Margin



Produces Solid Year-to-Year Results

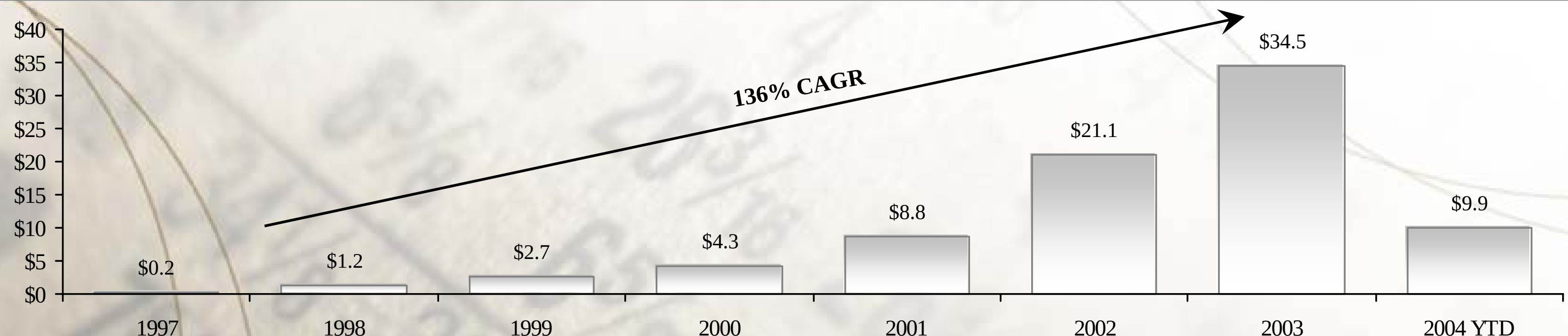
($ in millions)

Revenue



As of March 31, 2004

Operating Income



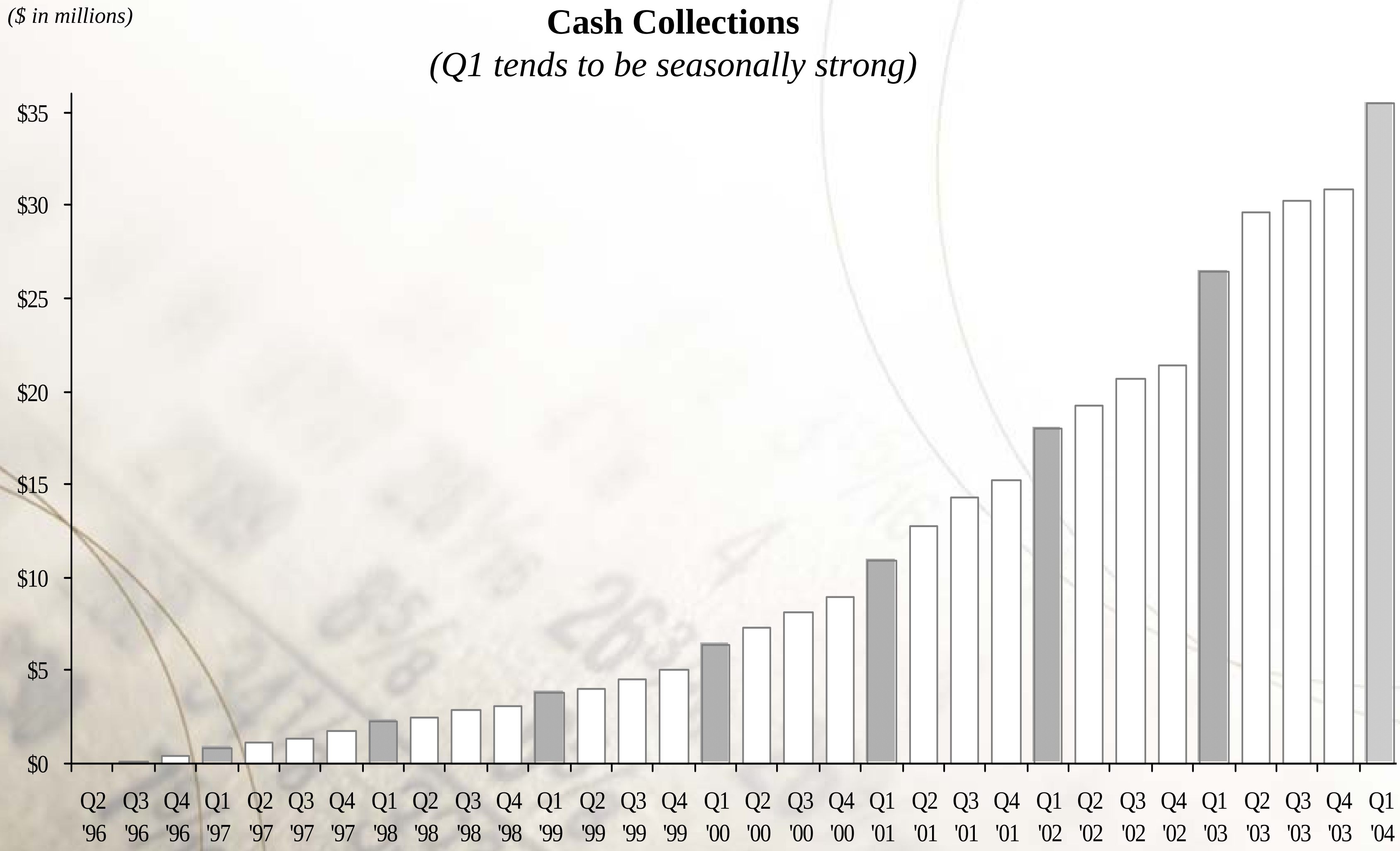
As of March 31, 2004

Productivity a Core Driver of Near-term Profits

Productivity Increases Achieved, Despite Substantial Headcount Growth

As of March 31, 2004

The Result of our Collector-Centric Model



Portfolios Generate Cash Over 5 to 7 Years

($ in thousands)

Collection Statistics

Purchase Period	Purchase Price	Actual Cash Collections	ERCs *	Total Est. Collections	Total Est. Collections to Price
1996	$3,080	$9,048	$183	$9,231	300%
1997	7,685	21,690	389	22,079	287%
1998	11,122	29,632	1,335	30,967	278%
1999	18,912	49,428	5,401	54,829	290%
2000	25,069	66,873	16,327	83,200	332%
2001	33,502	82,423	32,681	115,104	344%
2002	42,576	60,534	67,653	128,187	301%
2003	62,275	36,511	119,264	155,775	250%
2004	15,091	595	36,006	36,601	243%

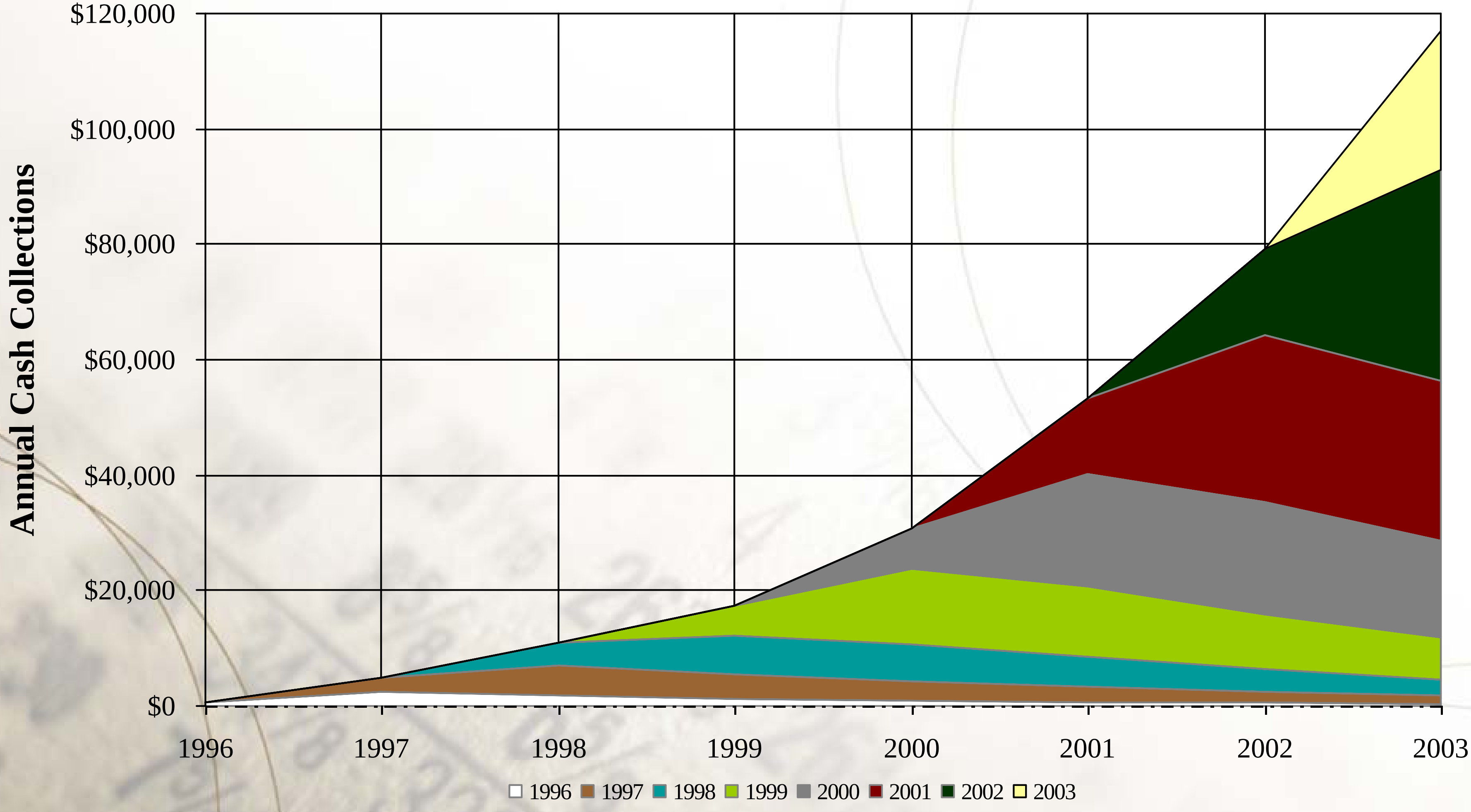
** Estimated Remaining Collections*

Layering Effect Drives Consistent Growth

($ in thousands)

		Collection Year									
Purchase Period	Price	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
1996	$3,080	$ 548	$2,484	$1,890	$1,348	$1,025	$730	$496	$398	$68	$8,987
1997	7,685		2,507	5,215	4,069	3,347	2,630	1,829	1,324	298	$21,219
1998	11,122			3,776	6,807	6,398	5,152	3,948	2,797	691	$29,569
1999	18,912				5,138	13,069	12,090	9,598	7,336	1,504	$48,735
2000	25,068					6,894	19,498	19,478	16,628	3,914	$66,412
2001	33,502						13,048	28,820	28,003	7,051	$76,922
2002	42,576							15,084	36,258	9,203	$60,545
2003	62,275								24,308	12,203	$36,511
2004	15,091									595	595
Total	$219,312	$548	$4,991	$10,881	$17,362	$30,733	$53,148	$79,253	$117,052	$35,527	$349,495

Building a Strong Foundation for the Future



($ in thousands)

Amortization Rate Is Based on Individual Pools

- Actual purchase price booked as original asset (principal)

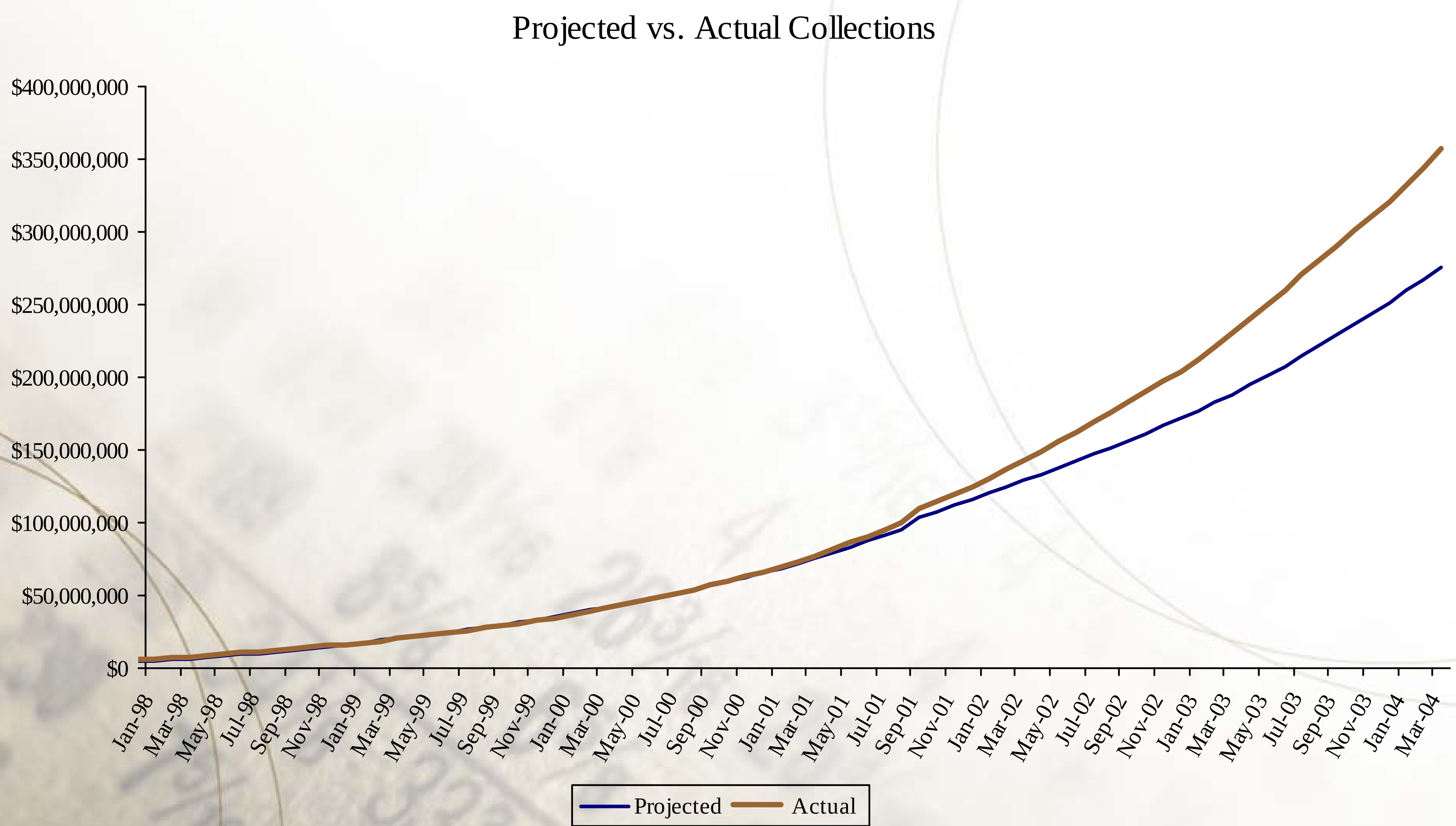
- Cash collections split into two streams
  - Revenue (income statement)
  - Purchase price amortization (balance sheet)

- Amortization Rate = Total Payments Applied to Principal/ Total Cash Collections

- Both revenue & payments applied to principal based on a pool by pool analysis all rolled together

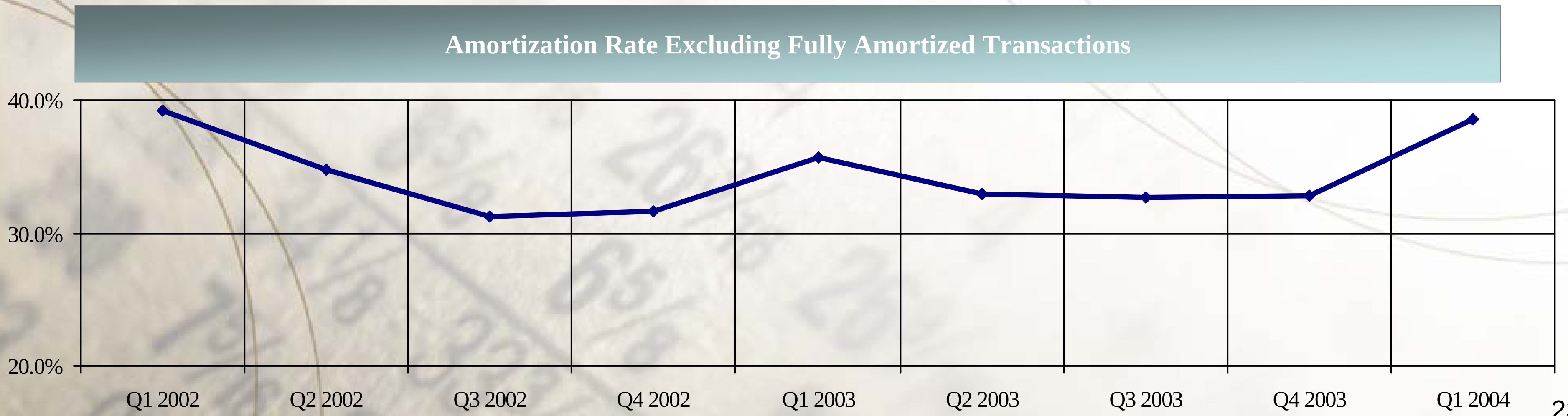
- Goal is to ensure each pool is fully amortized by the end of its economic life

High Level of Visibility and Predictability



Fully-Amortized Deals Lower Overall Rate

- Fully amortized deals lower our stated amortization rate
- To find core amortization rate (that actually applied to deals on the balance sheet), back out recoveries from fully amortized deals
- During Q1 2004 we had approximately $5 million in recoveries from fully amortized pools, vs. $12 million for all of 2003.



PRA's Earnings Quality

- Revenue equals cash collections over the life of the portfolio minus cash paid for the portfolio
  - Cash collections allocated between revenue and purchase price amortization
  - Conservative administration minimizes impairment events
- No securitizations of portfolios
- Expensing of option program (approx. $300,000 2003 expense)
- Recognize portfolio sale revenue using FAS125/140
- Expense all legal recovery costs in current period
- No netting of expenses with cash flow
- No pension accounting issues

Solid Capitalization = Financial Flexibility

- $29.7 million in cash
- $25 million of availability on operating lines (zero balance at 3/31/2004)

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