ENCORE CAPITAL GROUP INC
Form 424B5
July 19, 2018
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Filed pursuant to Rule 424(b)(5)
Registration Statement Nos. 333-226189 and 333-226189-01

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
4.5% Exchangeable Senior Notes due 2023 of Encore Capital Europe Finance Limited	$172,500,000.00(1)(2)	100%	$172,500,000.00(2)	$21,476.25(3)
Common stock, $0.01 par value per share, of Encore Capital Group, Inc.	(4)			(5)
Guarantees of 4.5% Exchangeable Senior Notes due 2023(6)	(6)	(7)	(7)	(8)

(1) Represents the aggregate principal amount of 4.5% Exchangeable Senior Notes due 2023 (the Notes) whose offer and sale are registered hereby.
(2) Includes $22,500,000 aggregate principal amount of Notes that may be offered and sold pursuant to the full exercise of the underwriters over-allotment option.
(3) Calculated pursuant to Rule 457(o) and Rule 457(r) under the Securities Act of 1933, as amended (the Securities Act). The fee payable in connection with the offering pursuant to this prospectus supplement has been paid in accordance with Rule 456(b) under the Securities Act.
(4) Includes an indeterminate number of shares of common stock of Encore Capital Group, Inc. issuable upon exchange of the Notes. The initial maximum exchange rate of the Notes is 28.0111 shares of common stock per $1,000 principal amount of Notes. Pursuant to Rule 416 under the Securities Act, the amount of shares of common stock whose offer and sale is registered hereby includes an indeterminate number of shares of common stock that may be issued in connection with stock splits, stock dividends, or similar transactions.
(5) Pursuant to Rule 457(i) under the Securities Act, no separate registration fee is required for the shares of common stock issuable upon exchange of the Notes because no additional consideration is to be received in connection with the exercise of the exchange privilege of the Notes.
(6) Consists of full and unconditional guarantees (the Guarantees), by Encore Capital Group, Inc., of the Notes whose offer and sale are registered hereby.
(7) No separate consideration is being given for the Guarantees.
(8) Pursuant to Rule 457(n), no separate fee is payable with respect to the Guarantees.

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Prospectus Supplement

To Prospectus dated July 16, 2018

$150,000,000

4.50% Exchangeable Senior Notes due 2023

of Encore Capital Europe Finance Limited

Fully and Unconditionally Guaranteed by

Encore Capital Group, Inc.

Interest payable March 1 and September 1

Encore Capital Europe Finance Limited (the issuer), an indirect wholly owned subsidiary of Encore Capital Group, Inc. (Encore), is offering $150,000,000 aggregate principal amount of its 4.50% Exchangeable Senior Notes due 2023. The notes will be fully and unconditionally guaranteed, on a senior, unsecured basis, by Encore.

The notes will bear interest at a rate of 4.50% per year, payable semiannually in arrears on March 1 and September 1 of each year, beginning on March 1, 2019. The notes will mature on September 1, 2023 (the maturity date), unless earlier repurchased, redeemed or exchanged.

Holders may exchange all or any portion of their notes at their option at any time prior to the close of business on the business day immediately preceding March 1, 2023 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2018 (and only during such calendar quarter), if the last reported sale price of Encore s common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than 130% of the exchange price on each applicable trading day; (2) during the five business-day period after any ten consecutive trading-day period (the measurement period) in which the trading price (as defined herein) per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of Encore s common stock and the exchange rate on each such trading day; (3) upon the occurrence of specified corporate events (as later described herein); or (4) if we call the notes for redemption. On or after March 1, 2023 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may exchange any of their notes at any time, regardless of the foregoing circumstances. Upon exchange, the issuer will satisfy its exchange obligation by paying or delivering, as the case may be, cash, shares of Encore s common stock or a combination of cash and shares of Encore s common stock, at the issuer s election but subject to certain restrictions described in this prospectus supplement.

The exchange rate will initially be 22.4090 shares of Encore s common stock per $1,000 principal amount of notes (equivalent to an initial exchange price of approximately $44.62 per share of common stock). The exchange rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, or following the issuer s delivery of a notice of redemption, the exchange rate may be increased for a holder who elects to exchange its notes in connection with such a corporate event or during the related redemption period, as the case may be.

We may not redeem the notes prior to maturity, except in connection with certain changes in tax law. No sinking fund is provided for the notes.

If a fundamental change occurs, holders may require the issuer to repurchase for cash all or part of their notes at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date (as defined herein).

The notes and the guarantees will be senior unsecured obligations of the issuer and Encore, respectively. The notes and the guarantees will rank senior in right of payment to the indebtedness of the issuer and Encore, respectively, that is expressly subordinated in right of payment to the notes and the guarantees, respectively; equal in right of payment to unsecured indebtedness of the issuer and Encore, respectively, that is not so subordinated; and effectively junior in right of payment to any secured indebtedness of the issuer and Encore, respectively, to the extent of the value of the assets securing such indebtedness. The guarantees will be structurally junior to all indebtedness and other liabilities (including trade payables) of Encore s subsidiaries (other than the issuer).

There is currently no public market for the notes. Application will be made to The International Stock Exchange Authority Limited for the listing of and permission to deal in the notes on the Official List of The International Stock Exchange. There can be no assurance, however, that the notes will be listed on the Official List of The International Stock Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained. Encore s common stock is listed on The NASDAQ Global Select Market under the symbol ECPG. The last reported sale price of Encore s common stock on The NASDAQ Global Select Market on July 17, 2018 was $35.70 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

See Risk Factors beginning on page S-14 for a discussion of certain risks that you should consider in connection with an investment in the notes.

	Per note	Total
Public offering price	100.00%	$ 150,000,000
Underwriting discount(1)	2.75%	$ 4,125,000
Proceeds, before expenses, to the issuer	97.25%	$ 145,875,000

(1) We refer you to the Underwriting section of this prospectus supplement for additional information regarding underwriter compensation.

The issuer and Encore have granted the underwriters the right to purchase, exercisable within a 30-day period, up to an additional $22,500,000 aggregate principal amount of notes and related guarantees solely to cover over-allotments, at the public offering price, less the underwriting discount.

The underwriters will purchase the notes from the issuer and offer them to you, subject to certain conditions. The notes are expected to be delivered in global form through the book-entry delivery system of The Depository Trust Company on or about July 20, 2018.

Joint Book-Running Managers

SunTrust Robinson Humphrey **Credit Suisse**

Co-Lead Managers

ING **Morgan Stanley** **MUFG**

Co-Managers

Citigroup **DNB Markets** **Fifth Third Securities** **Regions Securities LLC**

The date of this prospectus supplement is July 17, 2018.

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Prospectus Supplement

Prospectus

In this prospectus supplement, when we refer to Encore Capital Group, Inc. and use phrases such as the Company, Encore, we, our and us, we are referring to Encore Capital Group, Inc. and its subsidiaries as a whole, except where stated otherwise or where it is clear from the context that any of these terms refers only to Encore Capital Group, Inc. Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement to $ or dollars are to the lawful currency of the United States. Unless we have indicated otherwise, or the context otherwise requires, the information presented in this prospectus supplement assumes no exercise of the underwriters over-allotment option.

Our logo and other trademarks mentioned in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein or therein are our property. Certain trademarks referred to in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein or

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therein may be without the ® or TM symbol, as applicable, but this is not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our right to these trademarks. Other brand names or trademarks appearing in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein or therein are the property of their respective owners.

Important Information

You should read the entire prospectus supplement, the accompanying prospectus and the related pricing term sheet, as well as the information incorporated by reference herein, before making an investment decision.

Neither we nor the issuer nor the underwriters have authorized anyone to provide you with information that is different from that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and the related pricing term sheet. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying prospectus and the related pricing term sheet do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities that are the subject of this prospectus supplement, nor does this prospectus supplement, the accompanying prospectus or the related pricing term sheet constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, the related pricing term sheet or the documents incorporated by reference is accurate on any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

The Jersey Financial Services Commission (the Commission) has given, and has not withdrawn, or will have given prior to the issue of the notes and not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the notes. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under the law. A copy of this prospectus supplement and the accompanying prospectus has been delivered to the registrar of companies in Jersey (the Jersey Registrar) in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the Jersey Registrar has given, and had not withdrawn, his consent to their circulation. It must be distinctly understood that, in giving these consents, neither the Jersey Registrar nor the Commission takes any responsibility for the financial soundness of the issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

Nothing in this prospectus supplement, the accompanying prospectus nor any other communication made by or on behalf of the issuer is intended to constitute or should be construed as advice on the merits of the purchase of, or subscription for, any securities for the purposes of the Financial Services (Jersey) Law 1998.

The issuer has taken all reasonable care to ensure that the facts stated in this prospectus supplement and the accompanying prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this prospectus or the accompanying prospectus, whether of facts or of opinion. The issuer accepts responsibility accordingly.

If you are in any doubt about the contents of this prospectus supplement or the accompanying prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the value of the notes and any income from them can go down as well as up.

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STABILIZATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, CREDIT SUISSE SECURITIES (USA) LLC (OR ANY PERSON(S) ACTING ON BEHALF OF STABILIZING MANGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILIZING MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

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SUMMARY

This summary highlights selected information included or incorporated by reference in this prospectus supplement or the accompanying prospectus to help you understand us and the notes offered hereby. We urge you to carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein to fully understand us and the notes offered hereby and the other considerations that are important to you in making a decision about whether to invest in the notes.

Overview

We are an international specialty finance company providing debt recovery solutions and other related services for consumers across a broad range of financial assets. We purchase portfolios of defaulted consumer receivables at deep discounts to face value and manage them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings.

United States

We are a market leader in portfolio purchasing and recovery in the United States, including Puerto Rico.

Europe

Cabot Credit Management plc (together with its subsidiaries, Cabot), our largest international subsidiary, is one of the largest credit management services providers in Europe and is a market leader in the United Kingdom and Ireland. We control Cabot via our majority ownership interest in the indirect holding company of Cabot, Janus Holdings Luxembourg S.à r.L. (Janus Holdings).

In addition, we have certain subsidiaries that primarily focus on (a) consumer non-performing loans, including insolvencies (in particular, individual voluntary arrangements, or IVAs) in the United Kingdom and bank and non-bank receivables in Spain and (b) credit management services in Spain (collectively, Grove).

Latin America

Our majority-owned subsidiary, Refinancia S.A.S. (together with its subsidiaries, Refinancia), is a market leader in debt collection and management in Colombia and Peru. In addition to purchasing defaulted receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in the geographic areas in which it operates, including point-of-purchase lending to consumers and providing financial solutions to individuals who have previously defaulted on their credit obligations.

In addition to operations in Colombia and Peru, we evaluate and purchase non-performing loans in other countries in Latin America, including Mexico and Brazil. We also invest in non-performing secured residential mortgages in Latin America.

Asia Pacific

Our subsidiary, Baycorp Holdings Pty Limited (together with its subsidiaries, Baycorp), specializes in the management of non-performing loans in Australia and New Zealand. In addition to purchasing defaulted

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receivables, Baycorp offers portfolio management services to banks for non-performing loans. We acquired a majority ownership interest in Baycorp in October 2015 and acquired the remaining minority equity ownership interest in Baycorp in January 2018.

In India, we invested in Encore Asset Reconstruction Company Private Limited (EARC), which has completed initial immaterial purchases.

To date, operating results from our international operations on an individual basis, other than from Cabot, have not been significant to our total consolidated operating results. Our long-term growth strategy involves continuing to invest in our core portfolio purchasing and recovery business, strengthening and developing our international businesses, and leveraging our core competencies to explore expansion into adjacent asset classes.

Recent Developments

The Transaction

On May 8, 2018, we announced our agreement to acquire all of the outstanding equity interests of Janus Holdings not currently held by us, through our wholly owned subsidiary Encore Capital Group UK Limited (Encore UK), and, immediately following the consummation of such acquisition, Janus Holdings, with proceeds from Encore UK, intends to acquire all of the outstanding equity interests of Cabot Holdings S.à r.L. (Cabot Holdings), the holding company of Cabot (collectively, the Transaction), not currently held by it. The total consideration, after taking into account fractional shares settled in cash and the election by certain sellers to received cash consideration only, is approximately 4.9 million shares of Encore stock and £178.5 million. All required approvals have been received, including unanimous approval by our board of directors, and subject to customary closing conditions, the Transaction is expected to close by early August.

Selected Preliminary Operating and Financial Second Quarter Results

Our unaudited condensed consolidated financial statements as of and for the three months ended June 30, 2018 are not yet available. The following estimates are based on our preliminary operating and financial results as of and for the three months ended June 30, 2018 and, as of the date of this prospectus supplement, have not been finalized. These preliminary estimates are derived from our internal records and are based on the most current information available to management. We have prepared these estimates on a basis materially consistent with our historical financial results and in good faith based on our internal reporting as of and for the three months ended June 30, 2018. However, the preliminary financial estimates are not reviewed and are unaudited, and our normal reporting processes with respect to the following preliminary operational and financial results have not been fully completed. During the course of our review process on our operating and financial results as of and for the three months ended June 30, 2018, we could identify items that would require us to make adjustments and could affect our final results. Any such adjustments could be material. We urge you to carefully read this prospectus supplement, the accompany prospectus and the documents incorporated by reference herein and therein for additional information regarding factors that could result in differences between the preliminary operating and financial results that are presented below and the actual results as of and for the three months ended June 30, 2018.

This summary is not intended to be a comprehensive statement of our unaudited financial results for this period. The results of operations for an interim period, including the summary preliminary financial results provided below, may not give a true indication of the results to be expected for a full year or any future period. In addition, the preliminary financial results set forth below should not be viewed as a substitute for full financial statements prepared in accordance with GAAP. Our consolidated financial statements and related notes as of and for the three months ended

June 30, 2018 are not expected to be filed with the SEC until after this offering is completed.

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	As of and For The Three Months Ended June 30, 2018 Low Estimate	2018 High Estimate	2017 Actual
	(in millions, except per share amounts, unaudited)		
Operating Data:			
Total revenues, adjusted by net allowances	$ 348.0	$ 350.4	$ 290.9
Net income	$ 25.6	$ 27.1	$ 19.1
Net income attributable to Encore.	$ 25.0	$ 26.4	$ 20.3
Diluted earnings per share attributable to Encore[(1)].	$ 0.95	$ 1.00	$ 0.77
Balance Sheet Data:			
Cash and cash equivalents	$ 181.7	$ 181.7	$ 146.6
Total debt	$ 3,530.4	$ 3,530.4	$ 2,963.9
Other Financial Data:			
Estimated remaining collections	$ 6,897.9	$ 7,109.0	$ 6,256.2
Gross collections	$ 493.6	$ 497.1	$ 446.2
Purchases	$ 357.8	$ 360.3	$ 246.4
Non-GAAP Financial Data:			
Adjusted income attributable to Encore[(2)]	$ 33.8	$ 35.2	$ 22.9
Economic EPS[(3)]	$ 1.28	$ 1.33	$ 0.88

(1) Based on 26.4 million weighted average diluted shares outstanding for the three months ended June 30, 2018.

(2) Adjusted income attributable to Encore is defined as net income less non-cash interest and issuance cost amortization relating to our convertible notes, acquisition, integration and restructuring related expenses, amortization of certain acquired intangible assets and other charges or gains that are not indicative of ongoing operations, as detailed in the table below. We have included this information because management utilizes it to assess operating performance, in order to highlight trends in our business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. While providing useful information, Adjusted income attributable to Encore should not be considered as an alternative to, or more meaningful than, net income as an indicator of our operating performance. Further, Adjusted income attributable to Encore, as presented by us, may not be comparable to similarly titled measures reported by other companies since each company may define such measures differently.

We have the following preliminary estimates for the adjustments:

	Three Months Ended June 30, 2018 Preliminary Estimate	2017 Actual
	(in millions, unaudited)	
Convertible notes non-cash interest and issuance cost amortization	$ 3.1	$ 3.1
Acquisition, integration and restructuring related expenses	3.7	3.5

Gain on fair value adjustments to contingent consideration	(2.4)	(2.8)
Amortization of certain acquired intangible assets	2.4	0.6
Loss on derivatives in connection with the Transaction[a]	6.6	
Income tax effect of the adjustments	(4.6)	(1.0)
Adjustments attributable to noncontrolling interests		(0.8)

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(a) On May 8, 2018, in anticipation of the completion of the Transaction, Encore entered into a foreign exchange forward contract with a notional amount of £176.0 million, which was approximately the cash consideration for the Transaction. The forward contract will settle on the earlier of the date of the close of the Transaction or August 3, 2018. Amount represents the loss on this foreign exchange forward contract and we expect that this loss will be substantially offset by a decrease in the estimated purchase price in U.S. Dollars for the Transaction.

(3) Defined as adjusted income attributable to Encore divided by the number of weighted average diluted shares outstanding, as adjusted for shares associated with our Existing Convertible Notes that will not be issued but are reflected in the fully diluted share count for accounting purposes, if applicable. For the three months ended June 30, 2018, there was no dilutive effect from our Existing Convertible Notes.

CORPORATE INFORMATION

We are a Delaware corporation incorporated in 1999. The issuer is an indirect wholly owned subsidiary of Encore that was organized as a public limited company under the laws of Jersey on April 30, 2018. The issuer is a special purpose finance subsidiary and has not engaged in and will not engage in any activity other than the business and activities described or referred to in this prospectus supplement. The directors of the issuer intend to exercise central management and control of the business of the issuer in the United Kingdom, and intend for the issuer to be resident for tax purposes in the United Kingdom.

The authorized share capital of the issuer is £10,000 divided into 10,000 shares of one class designated as ordinary shares with a par value of £1.00 each. As at the date of this prospectus supplement, there are two ordinary shares in issue, each of which are held by Encore Holdings Luxembourg S.à r.L.

The registered office of the issuer is located at 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands and its telephone number is +44 1534 676 000.

Our and the issuer s principal executive offices are located at 3111 Camino Del Rio North, Suite 103, San Diego, California 92108. Our telephone number is (877) 445-4581. Our website address is www.encorecapital.com. The information on, or otherwise accessible through, our website does not constitute a part of this prospectus supplement.

The directors of the issuer are as follows:

Name	*Position*	*Business Address*
Ashish Masih	Director	1 Kings Hill Avenue Kings Hill, West Malling, Kent, ME19 4UA United Kingdom
Craig Anthony Buick	Director	1 Kings Hill Avenue Kings Hill, West Malling, Kent, ME19 4UA United Kingdom
Kenneth John Stannard	Director	1 Kings Hill Avenue Kings Hill, West Malling, Kent, ME19 4UA United Kingdom

The company secretary of the issuer is Mourant Secretaries (Jersey) Limited whose business address is 22 Grenville Street, St. Helier, Jersey JE4 8PX.

BDO Limited of Windward House, La Route de la Liberation, St Helier, Jersey JE1 1BG have been appointed as local statutory auditors to the issuer.

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THE OFFERING

The summary below describes the principal terms of the notes. Certain descriptions below are subject to important exceptions and/or limitations. The Description of Notes section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes. Unless otherwise specified, this prospectus supplement assumes that the underwriters will not exercise their over-allotment option. As used in this section, we, our and us refer to Encore Capital Europe Finance Limited and Encore and the guarantor refer to Encore Capital Group, Inc., excluding its subsidiaries.

Issuer	Encore Capital Europe Finance Limited, a Jersey public limited company.
Guarantor	Encore Capital Group, Inc., a Delaware corporation.
Securities	$150,000,000 aggregate principal amount of 4.50% Exchangeable Senior Notes due 2023 (plus up to an additional $22,500,000 aggregate principal amount to cover over-allotments).
Guarantees.	The notes will be fully and unconditionally guaranteed, on a senior, unsecured basis, by Encore.
Maturity	September 1, 2023 (the maturity date), unless earlier repurchased, redeemed or exchanged.
Interest	4.50% per year. Interest will accrue from July 20, 2018 and will be payable semiannually in arrears on March 1 and September 1 of each year, beginning on March 1, 2019. We will pay additional interest, if any, at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Description of Notes Events of Default.
Exchange Rights	Holders may exchange all or any portion of their notes at their option at any time prior to the close of business on the business day immediately preceding March 1, 2023, in multiples of $1,000 principal amount, only under the following circumstances: during any calendar quarter commencing after the calendar quarter ending on December 31, 2018 (and only during such calendar quarter), if the last reported sale price of Encore s common stock for at least 20

trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than 130% of the exchange price on each applicable trading day;

during the five business-day period after any ten consecutive trading-day period (the measurement period) in which the trading price (as defined under Description of Notes Exchange Rights Exchange Upon Satisfaction of Trading Price Condition) per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of Encore s common stock and the exchange rate on each such trading day;

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upon the occurrence of specified corporate events described under Description of Notes Exchange Rights Exchange Upon Specified Corporate Events ; or

if we call the notes for redemption.

On or after March 1, 2023 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may exchange any of their notes at any time, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The exchange rate for the notes is initially 22.4090 shares of Encore common stock per $1,000 principal amount of notes (equivalent to an initial exchange price of approximately $44.62 per share of Encore s common stock), subject to adjustment as described in this prospectus supplement.

Upon exchange, we will pay or deliver, as the case may be, cash, shares of Encore s common stock or a combination of cash and shares of Encore s common stock, at our election. However, we will be required to settle solely in cash all exchanges with an exchange date occurring before the share reservation date (as defined in this prospectus supplement).
See Description of Notes Exchange Rights Settlement Upon Exchange. In addition, following certain corporate events that occur prior to the maturity date or following the issuer s delivery of a notice of redemption, we will in certain circumstances increase the exchange rate for a holder who elects to exchange its notes in connection with such a corporate event or during the related redemption period (as defined under Description of Notes Exchange Rights Adjustment to Exchange Rate Upon Exchange Upon a Make-Whole Fundamental Change), as the case may be, as described under Description of Notes Exchange Rights Adjustment to Exchange Rate Upon Exchange Upon a Make-Whole Fundamental Change.

You will not receive any additional cash payment or additional shares representing accrued and unpaid interest, if any, upon exchange of a note, except in limited circumstances. Instead, interest will be deemed to be paid by the cash, shares of Encore s common stock or a combination of cash and shares of Encore s common stock paid or delivered, as the case may be, to you upon exchange of a note.

Additional Amounts

All payments and deliveries on the notes made by or on behalf of the issuer or the guarantor will be made without withholding or deduction for any taxes, unless required by law. If such withholding or deduction is required in a relevant taxing jurisdiction, the issuer or the guarantor, as applicable, will pay or deliver, subject to certain exceptions (including an exception for taxes imposed by the United

	States or any state thereof), such additional amounts as may be necessary so that the net amounts received after such withholding or deduction (and after deducting any taxes on such additional amounts) will equal the amounts that would have been received in the absence of such withholding or deduction. See Description of Notes Additional Amounts.
Optional Redemption upon Certain Changes in Tax Law	We may not redeem the notes prior to maturity, except in connection with a change in tax law (as defined in Description of Notes Optional Redemption upon Certain Changes in Tax Law). Calling the notes for redemption will constitute a make-whole fundamental change, which may result in an increase to the exchange rate of the notes.
	No sinking fund is provided for the notes, which means that we are not required to redeem or retire the notes periodically.
Fundamental Change	Following certain corporate transactions or events specified as a fundamental change (as defined in this prospectus supplement under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes), subject to certain conditions, holders may require us to repurchase for cash all or part of their notes in principal amounts of $1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. See Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes.
Ranking	The notes and the guarantees will be senior unsecured obligations of us and Encore, respectively, and will rank:

- senior in right of payment to indebtedness of us and Encore, respectively, that is expressly subordinated in right of payment to the notes or the guarantees, as applicable;
- equal in right of payment to unsecured indebtedness of us and Encore, respectively, that is not so subordinated; and
- effectively junior in right of payment to secured indebtedness of us and Encore, respectively, to the extent of the value of the assets securing such indebtedness, including the obligations under (i) Encore s $325.0 million aggregate principal amount of 5.625% senior secured

notes due 2024 (the Senior Secured Notes), and (ii) Encore s revolving credit facility of $794.6 million (the Revolving Credit Facility), of which $363.0 million was outstanding as of March 31, 2018, and Encore s term loan facility of which $203.7 million was outstanding as of March 31, 2018 (the Term Loan Facility, and, together with the Revolving Credit Facility, the Senior Secured Credit Facilities), and an accordion

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feature that allows Encore to increase the Senior Secured Credit Facilities by an additional $250.0 million, of which approximately $150.3 million has been exercised as of March 31, 2018.

The guarantees will rank structurally junior to all indebtedness and other liabilities (including trade payables) of Encore s subsidiaries other than us.

The notes and the indenture do not prevent us or Encore from issuing other indebtedness that would be secured or structurally senior to the notes.

As of March 31, 2018, Encore s total consolidated indebtedness was approximately $3.61 billion, approximately $2.90 billion of which was secured indebtedness (excluding approximately $237.5 million of unused borrowing availability under its Revolving Credit Facility), and Encore s subsidiaries (other than the issuer) had approximately $3.86 billion of liabilities (in each case, excluding intercompany liabilities and income tax-related liabilities), to which the guarantees would have been structurally subordinated. Immediately prior to this offering, the issuer had no outstanding indebtedness. The amounts presented do not reflect any indebtedness incurred subsequent to March 31, 2018.

Encore s operations are conducted through, and substantially all of its consolidated assets are held by, its subsidiaries. The issuer is a wholly owned subsidiary of Encore and has no independent operations or assets.

The indenture governing the notes and the guarantees will not limit the amount of indebtedness that we or Encore or its other subsidiaries may incur.

Use of Proceeds

We estimate that the net proceeds from this offering will be approximately $144.7 million (or approximately $166.5 million if the underwriters exercise their option to purchase additional notes in full), after deducting the underwriting discount and our estimated expenses related to this offering.

We intend to use the proceeds from this offering to fund an intercompany loan to Encore UK, which will be used to partially fund the Transaction.

Capped Call Transactions	In connection with the pricing of the notes, Encore entered into privately negotiated capped call transactions with an affiliate of one of the underwriters of the offering and certain other financial institutions (the option counterparties). The capped call transactions are expected generally to reduce potential dilution to Encore s common stock upon any exchange of notes and/or offset any potential cash payments we are required to make in excess of the principal

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amount of exchanged notes, as the case may be, with such reduction and/or offset subject to a cap. Encore expects to use approximately $15.5 million of cash on hand to fund the cost of the capped call transactions. If the underwriters exercise their option to purchase additional notes, Encore expects to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to enter into various derivative transactions with respect to Encore s common stock concurrently with, and/or purchase Encore s common stock shortly after, the pricing of the relevant notes. This activity could increase (or reduce the size of any decrease in) the market price of Encore s common stock or the notes concurrently with, or shortly after, the pricing of the notes.

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Encore s common stock and/or purchasing or selling Encore s common stock or other securities of Encore s in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to an exchange of notes). This activity could also cause or avoid an increase or a decrease in the market price of Encore s common stock or the notes, which could affect your ability to exchange the notes and, to the extent the activity occurs during any observation period related to a exchange of notes, it could affect the number of shares and value of the consideration that you will receive upon exchange of the notes.

For a discussion of the potential impact of any market or other activity by the option counterparties or their respective affiliates in connection with these capped call transactions see Risk Factors Risks Related to the Notes, Our Indebtedness, Our Common Stock and this Offering The capped call transactions may affect the value of the notes and our common stock and Plan of Distribution.

In addition, if any such capped call transactions fail to become effective, whether or not this offering is completed, the option counterparties or their respective affiliates may unwind their hedge positions with respect to Encore s common stock, which could adversely affect the value of Encore s common stock and, if the notes have been issued, the value of the notes.

Book-Entry Form	The notes will initially be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may

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	not be exchanged for certificated securities, except in limited circumstances.
Absence of a Public Market for the Notes	The notes are a new issue of securities, and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market-making with respect to the notes without notice.
U.S. Federal Income Tax Considerations	Although not free from doubt, solely for purposes of U.S. federal withholding tax compliance, we intend to treat interest on the notes as arising from sources within the United States. Non-U.S. persons who are prospective investors in the notes should expect that, unless they establish their eligibility for the portfolio interest or another exemption from (or reduction in) withholding on U.S.-source interest payments on the notes by providing a valid appropriate U.S. Internal Revenue Service (IRS) Form W-8, they will be subject to withholding at a rate of 30% with respect to such interest.
	The exchange of the notes for Encore s common stock (or cash and common stock) may be a taxable transaction. Alternatively, the exchange of the notes could be treated (partially or entirely) as a non-taxable conversion of the notes in which potentially gain but no loss would be recognized. See the discussion under Tax Considerations Certain U.S. Federal Income Tax Considerations.
Jersey Law Considerations	See Certain Insolvency and Local Law Limitations.
Listing	Application will be made to The International Stock Exchange Authority Limited for the listing of and permission to deal in the notes on the Official List of the International Stock Exchange. There can be no assurances, however, that the notes will be listed on the Official List of The International Stock Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained.
The NASDAQ Global Select Market Symbol for Common Stock	Encore s common stock is listed on The NASDAQ Global Select Market under the symbol ECPG.
Trustee, Security Registrar, Paying Agent and Exchange Agent	MUFG Union Bank, N.A.

Governing Law	The indenture will provide that it, the notes and the guarantees, and any claim, controversy or dispute arising under or related to the indenture, the notes or the guarantees, will be governed by and

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	construed in accordance with the laws of the State of New York (without regard to the conflicts of laws provisions thereof other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).
Risk Factors	Before deciding whether to invest in the notes, you should carefully consider the risks described under Risk Factors in this prospectus supplement, as well as the other information included or incorporated by reference into this prospectus supplement, including our financial statements and the notes thereto.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated historical financial data as of and for the periods ended on the dates indicated below. The summary consolidated historical financial data as of March 31, 2018 and for the three months ended March 31, 2018 and 2017 are derived from our unaudited financial statements, which are incorporated herein by reference, and are not necessarily indicative of the results to be expected for the full year. The summary consolidated historical financial data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 are derived from our audited consolidated financial statements, which are incorporated herein by reference. Our results of operations for any period are not necessarily indicative of the results to be expected for any future period.

The summary consolidated historical financial data set forth below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and the related notes contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which are incorporated by reference into this prospectus supplement.

	Three months ended March 31,		Year Ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)				
	(in thousands, except per share data)				
Revenues					
Revenue from receivable portfolios	$ 281,009	$ 249,838	$ 1,053,373	$ 1,030,792	$ 1,065,673
Other revenues	35,968	19,971	92,429	82,643	57,531
Total revenues	316,977	269,809	1,145,802	1,113,435	1,123,204
Allowance reversals (allowances) on receivable portfolios, net	9,811	2,132	41,236	(84,177)	6,763
Total revenues, adjusted by net allowances	326,788	271,941	1,187,038	1,029,258	1,129,967
Operating expenses					
Salaries and employee benefits	89,259	68,278	315,742	281,097	262,281
Cost of legal collections	53,855	47,957	200,058	200,855	229,847
Other operating expenses	33,748	26,360	104,938	100,737	93,210
Collection agency commissions	11,754	11,562	43,703	36,141	37,858
General and administrative expenses	39,284	33,318	158,080	134,046	191,357
Depreciation and amortization	10,436	8,625	39,977	34,868	33,160
Total operating expenses	238,336	196,100	862,498	787,744	847,713
Income from operations	88,452	75,841	324,540	241,514	282,254
Other (expense) income					
Interest expense	(57,462)	(49,198)	(204,161)	(198,367)	(186,556)

Other income	2,193	602	10,847	14,228	2,235
Total other expense	(55,269)	(48,596)	(193,314)	(184,139)	(184,321)
Income from continuing operations before income taxes	33,183	27,245	131,226	57,375	97,933
Provision for income taxes	(9,470)	(12,067)	(52,049)	(38,205)	(27,162)
Income from continuing operations	23,713	15,178	79,177	19,170	70,771
Loss from discontinued operations, net of tax		(199)	(199)	(2,353)	(23,387)
Net income	23,713	14,979	78,978	16,817	47,384
Net (income) loss attributable to noncontrolling interest	(1,886)	7,119	4,250	59,753	(2,249)
Net income attributable to Encore Capital Group, Inc. stockholders	$ 21,827	$ 22,098	$ 83,228	$ 76,570	$ 45,135

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	Three months ended March 31,		Year Ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)				
	(in thousands, except per share data)				
Amounts attributable to Encore Capital Group, Inc.:					
Income from continuing operations	$ 21,827	$ 22,297	$ 83,427	$ 78,923	$ 68,522
Loss from discontinued operations, net of tax		(199)	(199)	(2,353)	(23,387)
Net income	$ 21,827	$ 22,098	$ 83,228	$ 76,570	$ 45,135

	Three months ended March 31,		Year Ended December 31,		
	2018	2017	2017	2016	2015
	(unaudited)				
	(in thousands, except per share data)				
Earnings (loss) per share attributable to Encore Capital Group, Inc.:					
Basic earnings (loss) per share from:					
Continuing operations	$ 0.84	$ 0.86	$ 3.21	$ 3.07	$ 2.66
Discontinued operations	$	$ (0.01)	$ (0.01)	$ (0.09)	$ (0.91)
Net basic earnings per share	$ 0.84	$ 0.85	$ 3.20	$ 2.98	$ 1.75
Diluted earnings (loss) per share from:					
Continuing operations	$ 0.83	$ 0.85	$ 3.16	$ 3.05	$ 2.57
Discontinued operations	$	$	$ (0.01)	$ (0.09)	$ (0.88)
Net diluted earnings per share	$ 0.83	$ 0.85	$ 3.15	$ 2.96	$ 1.69
Weighted average shares outstanding:					
Basic	26,056	25,876	25,972	25,713	25,722
Diluted	26,416	26,087	26,405	25,909	26,647

	March 31,	December 31,	
	2018	2017	2016
	(unaudited)		
	(in thousands)		
Consolidated statements of financial condition data:			
Cash and cash equivalents	$ 217,138	$ 212,139	$ 149,765
Investment in receivable portfolios, net	3,024,141	2,890,613	2,382,809
Total assets	4,642,260	4,490,712	3,670,497

Total debt	3,607,101	3,446,876	2,805,983
Total liabilities	3,885,236	3,766,801	3,069,982
Total Encore Capital Group, Inc. stockholders equity	610,832	581,862	559,304

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RISK FACTORS

This section highlights some specific risks related to the notes, our indebtedness, Encore s common stock and this offering. The list of risks is not intended to be exhaustive and the order in which the risks appear is not intended as an indication of their relative weight or importance. Investing in our securities involves a high degree of risk. You should carefully consider the risks described below and the information set forth under the heading Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which are incorporated by reference in this prospectus supplement, together with all other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before you decide to invest in the notes. See also Cautionary Note Regarding Forward-Looking Statements in this prospectus supplement. Additional risks and uncertainties not now known to us or that we now deem immaterial may also adversely affect our business or financial performance. Our business, financial condition, results of operations or cash flows could be materially adversely affected by any of these risks. The market or trading price of the notes or common stock could decline due to any of these risks or other factors, and you may lose all or part of your investment.

In addition to the foregoing risks relating to us, the following are additional risks relating to an investment in the notes and Encore s common stock.

As used in this section, we, our and us refer to Encore Capital Group, Inc. and its subsidiaries as a whole, except where stated or the contexts requires otherwise, and issuer refers to Encore Capital Europe Finance Limited.

Risks Related to the Notes, Our Indebtedness, Our Common Stock and this Offering

The issuer is a special purpose finance subsidiary with no revenue-generating operations of its own.

The issuer is a special purpose finance subsidiary that has no revenue-generating operations of its own. The issuer conducts no business or operations and, after giving effect to this offering and the use of proceeds therefrom, will have no assets other than a receivable from Encore UK. The issuer s ability to service the notes (or other future indebtedness it may incur), is depends entirely on its receipt of funds from us. Our ability to make payments to the issuer will depend on our cash flows and earnings, which, in turn, may be affected by all of the factors discussed in these Risk Factors.

The notes and the guarantees are effectively subordinated to secured indebtedness of ours to the extent of the value of the assets securing that indebtedness.

The notes and the guarantees will be effectively subordinated to claims of secured creditors of the issuer and us, respectively, to the extent of the value of the assets securing such claims. In the event of the bankruptcy, liquidation, reorganization or other winding up of the issuer or us, assets of the issuer or us, respectively, that secure indebtedness will be available to pay obligations on the notes or make payments under the guarantees only after the secured indebtedness has been repaid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding or to fulfill obligations under the guarantees. The indenture governing the notes does not prohibit the issuer or us from incurring additional senior indebtedness or secured indebtedness, nor does it prohibit any of our subsidiaries from incurring additional liabilities.

As of March 31, 2018, our total consolidated indebtedness was approximately $3.61 billion, approximately $2.90 billion of which was secured indebtedness (excluding approximately $237.5 million of unused borrowing availability under our Revolving Credit Facility), and our subsidiaries (excluding the issuer) had approximately $3.86 billion of liabilities (in each case, excluding intercompany liabilities and income tax-related liabilities), to which the guarantees would have been structurally subordinated. Immediately prior to this offering, the issuer had no outstanding indebtedness. The amounts presented do not reflect any indebtedness incurred subsequent to March 31, 2018.

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Our operations are conducted through, and substantially all of our consolidated assets are held by, our subsidiaries, and accordingly, we must rely on our subsidiaries to provide us with cash in order to pay amounts due on the notes.

The notes and the guarantees are obligations of the issuer and Encore Capital Group, Inc. exclusively. The notes are not guaranteed by any of our subsidiaries. Our operations are conducted through, and substantially all of our consolidated assets are held by, our subsidiaries, and the issuer is a finance subsidiary of ours with no independent operations. Accordingly, our ability to service our indebtedness, including the notes, depends on the results of operations of our other subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the notes. Our subsidiaries are separate and distinct legal entities, and, other than the issuer, have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us or the issuer from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

Federal and state laws allow courts, under certain circumstances, to void guarantees and require holders of the notes to return payments received from guarantors.

The notes will be guaranteed by Encore Capital Group, Inc. The guarantees may be subject to review under U.S. federal bankruptcy law and comparable provisions of state fraudulent conveyance laws if a bankruptcy or insolvency proceeding or a lawsuit is commenced by or on behalf of us or the issuer or by our unpaid creditors or the unpaid creditors of the issuer. Under these laws, a court could void the obligations under the guarantees, subordinate the guarantees to our other debt or take other action detrimental to the holders of the notes and the guarantees, if it finds, among other things, that Encore Capital Group, Inc., at the time it incurred the indebtedness evidenced by the guarantees:

- issued the guarantees to delay, hinder or defraud present or future creditors;
- received less than reasonably equivalent value or fair consideration for issuing the guarantees at the time it issued the guarantees;
- was insolvent or rendered insolvent by reason of issuing the guarantees;
- was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature.

For these purposes, the measures of insolvency will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a party would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing indebtedness, including contingent liabilities, as they become absolute and mature; or

- it could not pay its indebtedness as it becomes due.

We cannot be sure as to the standard that a court would use to determine whether or not a party was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantees would not be voided or the guarantees would not be subordinated to Encore Capital Group, Inc. s other debt. If such a case were to occur, the guarantees could also be subject to the claim that, since the guarantees were incurred for the issuer s benefit and only indirectly for the benefit of Encore Capital Group, Inc., the obligations of Encore Capital Group, Inc. were incurred for less than fair consideration.

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In addition, if the guarantees are voided, then the issuer may be required to cash settle any exchanges of the notes unless a registration statement covering the shares of our common stock deliverable upon exchange, if any, is then effective. The issuer may not have sufficient resources to settle any such exchanges in cash.

Our significant indebtedness could adversely affect our financial health and could harm our ability to react to changes to our business.

As of March 31, 2018, our total indebtedness outstanding was approximately $3.61 billion, which includes $2.13 billion of debt at Cabot. Our substantial indebtedness could have important consequences to investors. For example, it could:

- increase our vulnerability to general economic downturns and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to competitors that have less debt;
- increase our exposure to market and regulatory changes that could diminish the amount and value of our inventory that we borrow against under our secured credit facilities; and
- limit, along with the financial and other restrictive covenants contained in the documents governing our indebtedness, our ability to borrow additional funds, make investments and incur liens, among other things.

Any of these factors could adversely affect our business, financial condition and operating results. If we do not have sufficient earnings to service our debt, we may be required to refinance all or part of our existing debt, sell assets, borrow more money, or sell securities, none of which we can guarantee we will be able to do.

Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, or to make cash payments in connection with any conversion of our $172.5 million aggregate principal amount of 3.0% Convertible Senior Notes due 2020 (the 2020 Convertible Notes), $161.0 million aggregate principal amount of 2.875% Convertible Senior Notes due 2021 (the 2021 Convertible Notes) and $150.0 million aggregate principal amount of 3.25% Convertible Senior Notes due 2022 (the 2022 Convertible Notes, and, together with the 2020 Convertible Notes and the 2021 Convertible Notes, the Existing Convertible Notes) and any exchange of the notes we are offering depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our indebtedness and make necessary capital expenditures. If we are unable to generate adequate cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, which could, in turn, adversely affect our business, financial condition and operating results.

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Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the notes.

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors would typically implement such a strategy by selling short the common stock underlying the notes and dynamically adjusting their short position while continuing to hold the notes. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a Limit Up-Limit Down program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Act. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the notes to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the notes.

In addition, if investors and potential purchasers seeking to employ a convertible arbitrage strategy are unable to borrow or enter into swaps on our common stock, in each case on commercially reasonable terms, the trading price and liquidity of the notes may be adversely affected.

Our common stock price may be subject to significant fluctuations and volatility, which could adversely impact the trading price of the notes and our shares issuable upon exchange.

The market price of our common stock has been subject to significant fluctuations. Since the beginning of fiscal year 2018, our stock price has ranged from a low of $35.85 on July 2, 2018 to a high of $47.80 on May 9, 2018. These fluctuations could continue. Among the factors that could affect our stock price are:

- our operating and financial performance and prospects;
- our ability to repay our debt;
- our access to financial and capital markets to refinance our debt;
- investor perceptions of us and the industry and markets in which we operate;
- future sales of equity or equity-related securities;
- changes in earnings estimates or buy/sell recommendations by analysts;

- changes in the supply of, demand for or price of portfolios;
- our acquisition activity, including our expansion into new markets;
- regulatory changes affecting our industry generally or our business and operations;
- general financial, domestic, international, economic and other market conditions; and
- the number of short positions on our stock at any particular time.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section, elsewhere in this prospectus supplement, the accompanying prospectus or the documents we have incorporated by reference in this prospectus supplement or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our common stock would likely adversely impact the trading price of the notes.

The price of our common stock could also be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the trading prices of the notes.

If securities or industry analysts have a negative outlook regarding our stock or our industry, or our operating results do not meet their expectations, our stock price could decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us. If one or more of the analysts who cover our company downgrade our stock or if our operating results do not meet their expectations, our stock price could decline.

Future sales of our common stock or the issuance of other equity securities and/or exchange of the notes diluting the ownership interest of holders of our common stock may adversely affect the market price of our common stock and the trading price of the notes.

In the future, we may sell additional shares of our common stock or other equity or equity-related securities to raise capital or issue equity securities to finance acquisitions. In addition, a substantial number of shares of our common stock are reserved for issuance upon the exercise of stock options or vesting of restricted stock awards, upon exchange of the notes offered hereby or upon conversion of the Existing Convertible Notes. Except as described under the heading Underwriting, we are not restricted from issuing additional common stock, including certain securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Furthermore, the exchange of some or all of the notes into shares of our common stock will dilute the ownership interests of the existing holders of our common stock (including holders who have previously exchanged their notes into shares of our common stock).

The liquidity and trading volume of our common stock is limited. For the quarter year ended March 31, 2018, the average daily trading volume of our common stock was less than 224,000 shares. The issuance or sale of substantial amounts of our common stock or other equity or equity-related securities (or the perception that such issuances or sales may occur) could adversely affect the market price of our common stock and the trading price of the notes as well as our ability to raise capital through the sale of additional equity or equity-related securities. In addition, the anticipated exchange of the notes into our common stock could depress the market price of our common stock. While we entered into the capped call transactions in order to reduce the potential dilution with respect to our common stock upon such exchange, such strategy with respect to the capped call transactions is subject to the risks described below, under The capped call transactions may affect the value of the notes and our common stock and We are subject to counterparty risk with respect to the capped call transactions. Furthermore, if the market price per share of our common stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, there would nevertheless be dilution upon exchange of the notes into shares of our common stock to the extent that such market price exceeds the cap price of the capped call transactions. We cannot predict the effect that future issuances or sales of our common stock or other equity or equity-related securities would have on the market price of our common stock or the trading price of the notes.

Despite our current indebtedness levels, we may still incur substantially more indebtedness or take other actions which would intensify the risks discussed above.

Despite our current consolidated indebtedness levels, we and our subsidiaries (including the issuer) may be able to incur substantial additional indebtedness (including secured indebtedness) in the future, subject to the restrictions contained in our debt instruments. We are not restricted under the terms of the indentures governing our Existing Convertible Notes, and will not be required under the indenture governing the notes, from incurring or guaranteeing additional indebtedness, securing existing or future indebtedness, recapitalizing our indebtedness or taking a number of other actions that could diminish our ability to make payments on our indebtedness. Although the agreement governing the Senior Secured Credit Facilities and some of our other existing debt instruments contain restrictions on our incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and, under certain circumstances, additional indebtedness incurred in compliance with these restrictions, including additional secured indebtedness, could be substantial. Also, these restrictions will not prevent us from incurring obligations that do not constitute indebtedness. To the extent new indebtedness or other new obligations are added to our current levels, the risks described above could intensify. Moreover, if the indebtedness under the Senior Secured Credit Facilities is repaid or matures, we may not be subject to similar restrictions under the terms of any subsequent indebtedness.

We may not have the ability to raise the funds necessary to repurchase the notes upon a fundamental change or to settle exchanges in cash, and our future indebtedness may contain limitations on our ability to pay cash upon exchange and our current indebtedness contains, and our future indebtedness may contain, limitations on our ability to repurchase the notes.

Holders of the notes will have the right to require us to repurchase their notes upon the occurrence of a fundamental change at a cash repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, as described under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes. In addition, upon an exchange of notes, unless we are then permitted and elect to deliver solely shares of our common stock to settle such exchange (other than paying cash in lieu of delivering any fractional shares of our common stock), we will be required to make cash payments in respect of the notes as described under Description of Notes Exchange Rights Settlement Upon Exchange.

After taking into account shares that we have reserved for other purposes, we currently do not have sufficient authorized, unreserved and unissued shares of common stock available to settle exchanges of the notes we are offering solely in shares of common stock. Accordingly, we will agree in the indenture to settle solely in cash all exchanges with an exchange date occurring before the share reservation date (as defined below under the caption Description of Notes Exchange Rights Settlement Upon Exchange). We currently expect the share reservation date to occur on or about the end of the third calendar quarter of 2018.

We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor or to pay cash amounts due upon exchange. In addition, our Third Amended and Restated Credit Agreement, dated as of December 20, 2016, by and among Encore as borrower, certain of our subsidiaries, as guarantors, the several banks and other financial institutions and lenders from time to time party thereto, SunTrust Bank, as administrative agent, collateral agent, issuing bank and swingline lender, and the other agents party thereto (as amended, waived or modified, the Senior Secured Credit Agreement) and the Senior Secured Notes contain certain restrictive covenants that limit our ability to engage in specified types of transactions, which may affect our ability to repurchase the notes. The indentures governing our Existing Convertible Notes and the Senior Secured Notes contain analogous provisions requiring us to offer to repurchase the applicable series of Existing Convertible Notes upon a fundamental change (as defined in such indentures).

Further, our ability to repurchase the notes or to pay cash upon exchange may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase or pay the cash amounts due upon exchange of the notes or upon conversion of the Existing Convertible Notes when required would constitute a default under the relevant indenture. A default under any of these indentures could constitute a default under the other indentures or the Senior Secured Credit Agreement and the Senior Secured Notes, and any such default or the fundamental change itself could also lead to a default under the Senior Secured Credit Agreement and the Senior Secured Notes or agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes.

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The conditional exchange feature of the notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional exchange feature of the notes is triggered, holders of the notes will be entitled to exchange the notes at any time during specified periods at their option. See Description of Notes Exchange Rights. Our Existing Convertible Notes contain analogous conditional conversion provisions. Even if holders do not elect to exchange the notes or convert the Existing Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the relevant series of notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The capped call transactions may affect the value of the notes and our common stock.

In connection with the pricing of the notes, we entered into privately negotiated capped call transactions with the option counterparties. The capped call transactions are expected generally to reduce the potential dilution to our common stock upon any exchange of the notes and/or offset any potential cash payments the issuer is required to make in excess of the principal amount of notes, as the case may be, with such reduction and/or offset subject to a cap. If the underwriters exercise their option to purchase additional notes, we expect to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedges of the capped call transactions, the option counterparties (or their affiliates) expect to enter into various derivative transactions with respect to our common stock concurrently with, and/or purchase our common stock shortly after, the pricing of the notes. These activities could have the effect of increasing, or reducing the size of any decrease in, the price of our common stock concurrently with, or shortly after, the pricing of the notes.

In addition, the option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to an exchange of notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the notes, which could affect your ability to exchange the notes and, to the extent the activity occurs following exchange or during any observation period related to an exchange of notes, it could affect the amount and value of the consideration that you will receive upon exchange of the notes.

In addition, if any such capped call transactions fail to become effective, whether or not this offering of notes is completed, the option counterparties or their respective affiliates may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock and, if the notes have been issued, the value of the notes.

The capped call transactions are separate transactions (in each case that we entered into with the option counterparties), are not part of the terms of the notes and will not change the holders rights under the notes. As a holder of the notes, you will not have any rights with respect to the capped call transactions.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. See Description of Capped Call Transactions.

We are subject to counterparty risk with respect to the capped call transactions.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

The accounting method for convertible or exchangeable debt securities that may be settled in cash, such as the notes and the Existing Convertible Notes, could have a material effect on our reported financial results.

Under U.S. generally accepted accounting principles, an entity must separately account for the debt component and the embedded conversion or exchange option of convertible or exchangeable debt instruments that may be settled entirely or partially in cash upon conversion or exchange, such as the notes and the Existing Convertible Notes, in a manner that reflects the issuer s economic interest cost. The effect of the accounting treatment for such instruments is that the value of such embedded conversion or exchange option would be treated as original issue discount for purposes of accounting for the debt component of the notes and the Existing Convertible Notes, as applicable, and that original issue discount is amortized into interest expense over the term of the notes using an effective yield method. As a result, we will be required to record a greater amount of non-cash interest expense as a result of the amortization of the original issue discount to face amount of the notes and the Existing Convertible Notes over the term of the notes and the Existing Convertible Notes, as applicable, and as a result of the amortization of the debt issuance costs. Accordingly, we will report lower net income in our financial results because of the recognition of both the current period s amortization of the debt discount and the coupon interest of the notes and the Existing Convertible Notes, as applicable, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the notes or the Existing Convertible Notes.

Under certain circumstances, convertible or exchangeable debt instruments (such as the notes and the Existing Convertible Notes) that may be settled entirely or partially in cash are evaluated for their impact on earnings per share utilizing the treasury stock method, the effect of which is that any shares issuable upon exchange of the notes or conversion of the Existing Convertible Notes are not included in the calculation of diluted earnings per share except to the extent that the exchange value of the notes or conversion value of the Existing Convertible Notes, as applicable, exceeds their respective principal amount. Under the treasury stock method, for diluted earnings per share purposes, the convertible or exchangeable debt instrument is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be certain that the accounting standards in the future will continue to permit the use of the treasury stock method, as is currently the case with the Existing Convertible Notes. If we are unable to use the treasury stock method in accounting for any shares issuable upon exchange of the notes or conversion of the Existing Convertible Notes, then our diluted earnings per share could be further adversely affected.

Prior to the share reservation date, the accounting for the notes and the capped call transactions may result in volatility to our Consolidated Statements of Operations.

As described under Description of Notes Exchange Rights Settlement upon Exchange, prior to the share reservation date, we will settle exchanges of the notes entirely in cash. Accordingly, the exchange option that is part of the notes will be accounted for as a derivative pursuant to accounting standards relating to derivative instruments and hedging activities. Under this accounting treatment, we expect to record the initial fair value of the exchange feature as a derivative liability on our balance sheet. The fair value of the derivative component will be re-measured at the end of each reporting period, with any difference from the previously reported fair value being reflected as a gain or loss in our statement of operations. We currently expect the amount of these gains and losses to be partially offset by losses and gains, respectively, corresponding to changes in the fair value of the capped call transactions described in this prospectus supplement, which we expect will also be subject to similar derivative accounting. However, we do not expect these gains and losses to completely offset each other, which may result in volatility in our reported income.

After the share reservation date, we will have sufficient shares to cover the full number of shares underlying the notes we are offering, and we will generally have the right to settle note exchanges by delivering cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. At such time, we expect to reclassify the exchange feature of the notes and the capped call option into equity, to be reflected in additional paid-in capital in the stockholders equity section of our balance sheet. Thereafter, we expect that changes in the fair value of the exchange right will not have an impact on our financial statements.

The description of the accounting treatment of the notes and the capped call transactions described above is preliminary, and we may account for these securities and transactions on our financial statements in a different manner. In addition, accounting standards may change in the future, and we may be required to account for these securities and transactions in a manner that could materially affect our reported financial position and results of operations.

Holders of the notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to them to the extent our exchange obligation includes shares of our common stock.

Holders of notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock) prior to the exchange date relating to such notes (if we are permitted, and have elected, to settle the relevant exchange by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share)) or the last trading day of the relevant observation period (if we are then permitted, and have elected, to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant exchange), but holders of notes will be subject to all related changes affecting our common stock. For example, if an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the exchange date related to a holder s exchange of its notes (if we are then permitted, and have elected, to settle the relevant exchange by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share)) or the last trading day of the relevant observation period (if we are then permitted, and have elected, to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant exchange), such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting our common stock.

In addition, as described above, we will be required to settle solely in cash all exchanges with an exchange date occurring before the share reservation date. To the extent cash settlement applies when any notes are exchanged, those exchanges will not confer any rights with respect to our common stock.

The conditional exchange feature of the notes could result in your receiving less than the value of our common stock into which the notes would otherwise be exchangeable.

Prior to the close of business on the business day immediately preceding March 1, 2023, you may exchange your notes only if specified conditions are met. If the specific conditions for exchange are not met, you will not be able to exchange your notes, and you may not be able to receive the value of the cash, shares of common stock or combination of cash and shares of common stock, as applicable, into which the notes would otherwise be exchangeable.

Upon exchange of the notes, you may receive less valuable consideration than expected because the value of our common stock may decline after you exercise your exchange right but before we settle our exchange obligation.

Under the notes, an exchanging holder will be exposed to fluctuations in the value of our common stock during the period from the date such holder surrenders notes for exchange until the date we settle our exchange obligation.

Under the notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of common stock, at our election. However, we will be required to settle solely in cash all exchanges with an exchange date occurring before the share reservation date. If we are required or elect to settle our exchange obligation solely in cash or in a combination of cash and shares of common stock, the amount of consideration that you will receive upon exchange of your notes will be determined by reference to the volume-weighted average prices of our common stock for each trading day in a 40 consecutive trading-day observation period, which is described more fully under the caption Description of Notes Settlement Upon Exchange. Accordingly, if the price of our common stock decreases during this period, the amount and/or value of consideration you receive will be adversely affected. In addition, if the market price of our common stock at the end of such period is below the average of the volume-weighted average price of our common stock during such period, the value of any shares of our common stock that you will receive in satisfaction of our exchange obligation will be less than the value used to determine the number of shares that you will receive.

If we elect to satisfy our exchange obligation solely in shares of our common stock (together with cash in lieu of any fractional share) upon exchange of the notes, we will be required to deliver the shares of our common stock, together with cash for any fractional share, on the second business day following the relevant exchange date (or, for any such exchange occurring on or after August 15, 2023, on the maturity date). Accordingly, if the price of our common stock decreases during this period, the value of the shares that you receive will be adversely affected and would be less than the exchange value of the notes on the exchange date.

The notes are not protected by restrictive covenants.

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change or other corporate transaction involving us except to the extent described under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes, Description of Notes Exchange Rights Adjustment to Exchange Rate Upon Exchange Upon a Make-Whole Fundamental Change and Description of Notes Consolidation, Merger or Sale.

The adjustment to the exchange rate for notes exchanged in connection with a make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction.

If a make-whole fundamental change occurs prior to the maturity date, under certain circumstances, we will increase the exchange rate by a number of additional shares of our common stock for notes exchanged in connection with such make-whole fundamental change. The increase in the exchange rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid (or deemed to be paid) per share of our common stock in such transaction, as described below under Description of Notes Exchange Rights Adjustment to Exchange Rate Upon Exchange Upon a Make-Whole Fundamental Change. The adjustment to the exchange rate for notes exchanged in connection with a make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the price of our common stock in the transaction is greater than $200.00 per share or less than $35.70 per share (in each case, subject to adjustment), no additional shares will be added to the exchange rate. Moreover, in no event will the exchange rate per $1,000 principal amount of notes as a result of this adjustment exceed 28.0111 shares, subject to adjustments in the same manner as the exchange rate as set forth under Description of Notes Exchange Rights Exchange Rate Adjustments.

Our obligation to increase the exchange rate upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The exchange rate of the notes may not be adjusted for all dilutive events.

The exchange rate of the notes is subject to adjustment for certain events, including, but not limited to, the issuance of certain stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness, or assets, cash dividends and certain issuer tender or exchange offers as described under Description of Notes Exchange Rights Exchange Rate Adjustments. However, the exchange rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the notes or our common stock. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the exchange rate.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.

Upon the occurrence of a fundamental change, you have the right to require us to repurchase your notes. However, the fundamental change provisions will not afford protection to holders of the notes in the event of other transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the notes.

We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no trading market for the notes. Although application will be made to The International Stock Exchange Authority Limited for the listing of and permission to deal in the notes on the Official List of The International Stock Exchange, an active trading market for the notes may not develop. We have been informed by the underwriters that they intend to make a market in the notes after the offering is completed. However, the underwriters may cease their market-making at any time without notice. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case you may not be able to sell your notes at a particular time or at a favorable price.

Any adverse rating of the notes may cause their trading price to fall.

We do not intend to seek a rating on the notes. However, if a rating service were to rate the notes and if such rating service were to lower its rating on the notes below the rating initially assigned to the notes or otherwise announces its intention to put the notes on credit watch, the trading price of the notes could decline.

If you are a non-U.S. investor you should expect that U.S. withholding tax will apply to payments of interest unless you provide the necessary U.S. tax forms demonstrating an exemption from such withholding tax.

The obligor of the notes for U.S. federal income tax purposes is not entirely clear. As a consequence, the source of payments on the notes for U.S. federal income tax purposes is not entirely clear. Although not free from doubt, solely for purposes of U.S. federal withholding tax compliance, we intend to treat interest on the notes as arising from sources within the United States. Non-U.S. persons who are prospective investors in the notes should expect that, unless they are eligible for the portfolio interest or another exemption from (or reduction in) withholding on U.S.-source interest payments on the notes and, when required, provide to the applicable withholding agent a valid appropriate IRS Form W-8 demonstrating such eligibility, they will be subject to withholding at a rate of 30% with respect to such interest payments. In the event any U.S. tax is withheld with respect to any payments on the notes, there will be no additional amounts payable in respect of the withheld amount. See Tax Considerations Certain U.S. Federal Income Tax Considerations.

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You may be subject to tax if we make or fail to make certain adjustments to the exchange rate of the notes even though you do not receive a corresponding cash distribution.

The exchange rate of the notes is subject to adjustment in certain circumstances, including the payment of cash dividends on Encore s common stock. While not entirely clear, if the exchange rate is adjusted as a result of a distribution that is taxable to Encore s common stockholders, such as a cash dividend, you may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the exchange rate after an event that increases your proportionate interest in Encore may be treated as a deemed taxable dividend to you. If a make-whole fundamental change occurs prior to the maturity date, under some circumstances, we will increase the exchange rate for notes exchanged in connection with the make-whole fundamental change. Such increase may also be treated as a distribution subject to U.S. federal income tax as a dividend. See Tax Considerations Certain U.S. Federal Income Tax Considerations. If you are a non-U.S. holder (as defined in Tax Considerations Certain U.S. Federal Income Tax Considerations), any deemed dividend could be subject to U.S. federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty, which may be withheld from subsequent payments on the notes or any shares of Encore s common stock owned by you or from any proceeds of any subsequent sale, exchange or other disposition of such note (including the retirement of such note) or such common stock or your other funds or assets. See Tax Considerations Certain U.S. Federal Income Tax Considerations.

The exchange of notes for our common stock may be treated as a taxable transaction for U.S. federal income tax purposes. Alternatively, the exchange may be treated as a non-taxable conversion, in which potentially gain but no loss is recognized.

The treatment of the exchange of notes into shares of our common stock (or common stock and cash) for U.S. federal income tax purposes is not entirely clear. Although not free from doubt, we intend to treat the exchange of notes for our common stock (or common stock and cash) as a taxable transaction for U.S. federal income tax purposes. Alternatively, such an exchange of the notes could be treated (partially or entirely) as a non-taxable conversion of the notes in which potentially gain but no loss would be recognized for U.S. federal income tax purposes. See Tax Considerations Certain U.S. Federal Income Tax Considerations.

The existing capped call transactions may affect the value of the notes and our common stock.

In June and July 2013, we sold $172.5 million aggregate principal amount of the 2020 Convertible Notes, which mature on July 1, 2020. In March 2014, we sold $161.0 million aggregate principal amount of the 2021 Convertible Notes, which mature on March 15, 2021.

In connection with the 2020 Convertible Notes and the 2021 Convertible Notes, we entered into capped call transactions with certain financial institutions (the existing capped call transactions). We refer to the financial institutions that are a party to the existing capped call transactions collectively as the existing capped call counterparties. The existing capped call transactions are expected to reduce the potential dilution and/or offset any cash payments we are required to make in excess of the principal amount upon conversion of the respective Existing Convertible Notes to which such existing capped call transactions relate, with such reduction and/or offset subject to a cap.

The existing capped call counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock in secondary market transactions prior to the maturity of the notes offered hereby (and are likely to do so during any observation period related to a conversion of the applicable series of Existing Convertible Notes), which activity could coincide with an observation period related to an exchange of the notes offered hereby. This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the notes offered hereby, which could affect your ability to exchange the notes offered hereby, and, to the extent the activity occurs during any observation period related to an exchange of the notes offered hereby, it could affect the amount and value of the consideration that you will receive upon exchange of the notes offered hereby.

Any repurchases, conversions or exchanges of our Existing Convertible Notes may affect the value of the notes and our common stock.

We may repurchase, exchange or induce conversions of our Existing Convertible Notes. Any repurchase, exchange or induced conversion of our Existing Convertible Notes could affect the market price of our common stock. We also expect that holders of Existing Convertible Notes that sell or exchange their Existing Convertible Notes in negotiated transactions with us may purchase or sell shares of common stock in the market to hedge their exposure in connection with these transactions.

In connection with the repurchase, exchange or induced conversion of Existing Convertible Notes, we may also enter into agreements with the existing capped call counterparties to terminate a portion of the existing capped call transactions, or such existing capped call transactions may terminate according to their terms, in each case in a notional amount corresponding to the amount of such Existing Convertible Notes repurchased, exchanged or converted. In connection with any termination of existing capped call transactions and the related unwinding of the existing hedge position of the existing capped call counterparties with respect to such transactions, such existing capped call counterparties and/or their respective affiliates may sell shares of our common stock in secondary market transactions, and/or unwind various derivative transactions with respect to our common stock. This activity could decrease (or reduce the size of any increase in) the market price of our common stock at that time and it could decrease (or reduce the size of any increase in) the market value of the notes. In connection with these transactions, we may receive payments in amounts that depend on the market price of our common stock during the unwind period.

Provisions in our charter documents and Delaware law may delay or prevent an acquisition of us, which could decrease the value of shares of our common stock.

Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These provisions include advance notice provisions, limitations on actions by our stockholders by written consent and special approval requirements for transactions involving interested stockholders. We are authorized to issue up to five million shares of preferred stock, the relative rights and preferences of which may be fixed by our board of directors, subject to the provisions of our articles of incorporation, without stockholder approval. The issuance of preferred stock could be used to dilute the stock ownership of a potential hostile acquirer. The provisions that discourage potential acquisitions of us and adversely affect the voting power of the holders of common stock may adversely affect the price of our common stock and the value of the notes. See Description of Common Stock.

We do not intend to pay dividends on our common stock for the foreseeable future.

We have never declared or paid cash dividends on our common stock. In addition, we must comply with the covenants in our credit facilities if we want to pay cash dividends. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon our financial condition, results of operations, capital requirements, restrictions contained in current or future financing instruments and such other factors as our board of directors deems relevant.

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Our management may spend the proceeds of this offering in ways with which you may disagree or that may not be profitable.

We intend to use the proceeds from this offering to fund the Transaction. See Use of Proceeds. However, our management will have broad discretion to apply the net proceeds, and investors will rely on our management s judgment in spending the net proceeds. Our management may use the proceeds in ways that do not earn a profit or otherwise result in the creation of stockholder value.

The insolvency laws of Jersey may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the notes from recovering payments due on the notes.

The issuer is incorporated under the laws of Jersey. Accordingly, insolvency proceedings with respect to the issuer may be initiated in Jersey. Jersey insolvency law may not be as favorable to investors as the laws of the United States. See Certain Insolvency and Local Law Limitations.

In the event that the issuer or any other of our subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfers, the priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction s laws would apply and adversely affect your ability to enforce your rights under the notes and the guarantees in these jurisdictions and limit any amounts that you may receive.

We may not be able to continue to satisfy the covenants in our debt agreements.

Our debt agreements impose a number of covenants, including restrictive covenants on how we operate our business. Failure to satisfy any one of these covenants could result in negative consequences including the following, each of which could have an adverse effect on our business, financial condition and operating results:

- acceleration of outstanding indebtedness;
- exercise by our lenders of rights with respect to the collateral pledged under certain of our outstanding indebtedness;
- our inability to continue to purchase receivables needed to operate our business; or
- our inability to secure alternative financing on favorable terms, if at all.

Increases in interest rates could adversely affect our business, financial condition and operating results.

Portions of our outstanding debt bear interest at a variable rate. Increases in interest rates could increase our interest expense which would, in turn, lower our earnings. We may periodically evaluate whether to enter into derivative financial instruments, such as interest rate swap agreements, to reduce our exposure to fluctuations in interest rates on variable interest rate debt and their impact on earnings and cash flows. These strategies may not be effective in protecting us against the effects of fluctuations from movements in interest rates. Increases in interest rates could adversely affect our business, financial condition and operating results.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements may include the words believe, expect, anticipate, estimate, project, intend, plan, will, may, and similar expressions. protection of the Private Securities Litigation Reform Act of 1995 for all forward-looking statements. Our forwarding-looking statements include, but are not limited to, statements regarding:

- risks associated with worldwide financial markets and the global economy;
- the fluctuation of our operating results;
- the ability to purchase receivables at favorable prices or terms, or at all;
- losses on portfolios consisting of new types of receivables due to our lack of collection experience with these receivables;
- the purchase of receivable portfolios that contain unprofitable accounts and our ability to collect sufficient amounts to recover our costs and to fund our operations;
- sellers delivering portfolios that contain accounts that do not meet our account collection criteria;
- a significant portion of our portfolio purchases during any period that may be concentrated with a small number of sellers;
- intense competition that could affect our ability to maintain or grow purchasing volumes;
- the statistical models we use to project remaining cash flows from our receivable portfolios and their impact on our financial results;
- allowance charges based on the authoritative guidance for loans and debt securities acquired with deteriorated credit quality;
- the possible impairment of our goodwill or amortizable intangible assets, which may require us to record a significant charge to earnings;

the extensive nature of, and possible increase in, statutory and regulatory oversight of our business, including Cabot;

the potential material and adverse effect on our results of operations if bankruptcy filings increase or if bankruptcy or other debt collection laws change;

the substantial additional federal regulation we will be subject to under the Dodd-Frank Act and the effect of such regulation on our business, results of operations, cash flows or financial condition;

our failure to comply with governmental regulation which could result in the suspension or termination of our ability to conduct business, require the payment of significant fines and penalties, or require other significant expenditures, including restitution payments and litigation;

economic conditions and regulatory changes leading up to and following the United Kingdom s expected exit from the European Union;

our dependence upon third parties to service a substantial portion of our consumer receivable portfolios;

increases in costs associated with our collections through collection litigation and the individual lawsuits brought against consumers to collect on judgments in our favor;

the risk that our network of third-party agencies and attorneys may not utilize amounts collected on our behalf or amounts we advance for court costs in the matter for which they were intended;

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our reliance upon success in individual lawsuits brought against consumers and our ability to collect on judgments in our favor to generate a significant portion of our collections;

the ongoing risks of litigation, including individual and class action lawsuits, under consumer credit, consumer protection, theft, privacy, collections and other laws, which may be subject to awards of substantial damages;

negative publicity associated with litigation, governmental investigations, regulatory actions and other public statements which could damage our reputation;

the risk that the acquisitions that we have made or may make may prove to be unsuccessful or divert our resources;

our dependence on our management team for the adoption and implementation of our strategies and the potential material and adverse effect on our business if we lose their services;

regulatory, political and economic conditions in foreign countries, which expose us to risk;

the risk that we may not be able to manage our growth effectively, including the expansion of our foreign operations, including by means of acquisitions;

the possible adverse effect on our operations if our technology and telecommunications systems were to fail, or if we are not able to successfully anticipate, invest in or adopt technological advances within our industry;

the risk of a security breach of our information technology networks and systems;

the possible adverse effect on our operations if third-party providers of services in connection with certain aspects of our business were to fail to perform their obligations, or our inability to arrange for alternative third party providers for such services;

the risk that our competitive advantage may be materially diminished if we are not able to adequately protect the intellectual property rights upon which we rely;

the possible adverse effect of exchange rate fluctuations;

the effect of taxes on our results of operations;

the possibility that our significant indebtedness could affect our financial condition or affect our ability to react to changes to our business;

the risk of not having sufficient cash to service our indebtedness;

the potential impact from the incurrence of additional indebtedness;

our ability to continue to satisfy the restrictive covenants in our debt agreements;

the impact of interest rate fluctuations on our business;

the fluctuations and volatility in the price of our common stock;

the potential impact on the price of our common stock as a result of any future sales of our common stock or other equity securities;

our ability to raise funds necessary to repurchase our convertible or exchangeable notes upon a fundamental change or to settle conversions or exchanges in cash;

the potential impact on our financial condition and operations if the conditional conversion or exchange feature of our convertible or exchangeable notes is triggered;

any changes to our business and results of operations in connection with any transactions involving Cabot, including the Transaction;

the potential impact on our results of operations from any additional expenses to be incurred in 2018;

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- our ability to complete this offering and the application of net proceeds therefrom; and

- assumptions relating to the foregoing.

Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in this prospectus supplement and the documents incorporated by reference herein or therein. Important risks and factors that could cause our actual results to be materially different from our expectations include the factors that are disclosed in the section Risk Factors in this prospectus supplement, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018. You should read these factors and the other cautionary statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein or therein as being applicable to all related forward-looking statements wherever they appear in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein or therein. Each forward-looking statement contained in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein or therein reflects management s view only as of the date on which that forward-looking statement was made. You should not place undue reliance on any forward-looking statements we make. We are not obligated to update forward-looking statements or publicly release the result of any revisions to them to reflect events or circumstances after the date of as of which the forward-looking statement are made or to reflect the occurrence of unanticipated events. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $144.7 million (or approximately $166.5 million if the underwriters exercise their option to purchase additional notes in full), after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to use the proceeds from this offering to fund an intercompany loan to Encore UK, which will be used to partially fund the Transaction. See also Description of Capped Call Transactions.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2018:

- on an actual basis; and
- on a pro forma basis to give effect to the completion of this offering, the use of proceeds therefrom and the Transaction, assuming no exercise of the underwriters over-allotment option to purchase additional notes in this offering.

You should read the information in this table together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and the related notes contained in our Annual Report on Form 10-K for the year ended December 31, 2017 and our quarterly report on Form 10-Q for the quarter ended March 31, 2018, which are incorporated by reference into this prospectus supplement.

	As of March 31, 2018	
	Actual	**Pro Forma**
	(Unaudited, dollars in thousands, except par value amounts)	
Cash and cash equivalents(1)(11)	$ 217,138	$ 192,518
Debt:		
Encore revolving credit facility(2)	$ 363,000	$ 463,000
Encore term loan facility	203,670	203,670
Encore senior secured notes	325,000	325,000
Principal amount of Encore 3.00% convertible senior notes due 2020(3)	172,500	172,500
Principal amount of Encore 2.875% convertible senior notes due 2021(3)	161,000	161,000
Principal amount of Encore 3.25% convertible senior notes due 2022(3)	150,000	150,000
Principal amount of Encore Capital Europe Finance Limited exchangeable senior notes due 2023 offered hereby(1)(4)		150,000
Cabot senior secured notes(5)	1,260,399	1,260,399
Cabot senior revolving credit facility(6)	219,914	219,914
Cabot securitisation senior facility(7)	407,508	407,508
Preferred equity certificates(11)	271,284	
Other credit facilities	68,319	68,319
Capital lease obligations and other debt	81,403	81,403
Total debt(8)	3,683,997	3,662,713
Redeemable noncontrolling interest(11)	155,249	9,701

Stockholders equity:		
Convertible Preferred stock, $0.01 par value, 5,000 shares authorized, no shares issued and outstanding		
Common stock, $0.01 par value, 50,000 shares authorized, 25,912 shares issued and outstanding, actual; 30,818 shares issued and outstanding, as adjusted(9)(11)	259	308
Additional paid-in capital(1)(2)(3)(10)(11)	45,906	200,047
Accumulated earnings	626,130	624,755
Accumulated other comprehensive loss	(61,463)	(61,463)
Total Encore stockholders equity(10)	610,832	763,647
Noncontrolling interest(11)	(9,057)	765
Total stockholders equity(10)	601,775	764,412
Total capitalization(10)	$ 4,441,021	$ 4,436,826

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(1) The Pro Forma amount reflects the assumed $100.0 million borrowing under Encore s Revolving Credit Facility and the assumed gross proceeds from this offering, net of the expected cost of entering into the capped call transactions of $16.3 million and estimated offering expenses. Encore expects to use approximately $15.5 million of cash on hand to fund the cost of the capped call transactions. See Description of Capped Call Transactions.
(2) The Revolving Credit Facility provides for aggregate commitments of $794.6 million, of which $237.5 million was available as of March 31, 2018.
(3) The Existing Convertible Notes are shown at their principal amount outstanding as of March 31, 2018, which amount does not reflect the application of ASC 470-20, which requires issuers to separately account for the liability and equity components of convertible debt instruments that may be settled entirely or partially in cash. As of March 31, 2018, the aggregate liability component of the Existing Convertible Notes was $453.2 million, which reflects an aggregate debt discount of $30.3 million.
(4) The table above reflects the notes at their principal amount without giving effect to the debt discount or the derivative liability relating to the exchange feature of the notes. We expect that the exchange feature of the notes will be subject to derivative accounting prior to the share reservation date, and will be reclassified into equity from and after the share reservation date.
(5) Does not include debt discount of $2.1 million related to Cabot s senior secured notes due 2021.
(6) The Cabot senior revolving credit facility provides for aggregate commitments of £295.0 million (approximately $395.2 million), of which approximately $219.9 million was outstanding as of March 31, 2018.
(7) The Cabot securitisation senior facility provides for aggregate commitments of £300.0 million (approximately $421.6 million), of which approximately $14.1 million was available as of March 31, 2018.
(8) Does not include debt issuance costs, net of amortization, of $44.5 million, debt discount of $2.1 million related to Cabot s senior secured notes due 2021 and an aggregate debt discount of $30.3 million related to the Existing Convertible Notes. The Pro Forma amount does not include expected debt issuance costs relating to this offering.
(9) The common stock shown in the table above excludes, as of March 31, 2018, (i) approximately 0.3 million shares of our common stock to be issued upon exercise of options, having a weighted average exercise price of $28.62 and approximately 0.8 million restricted stock units and awards granted under our equity incentive plans and (ii) the shares of common stock reserved for issuance upon exchange of the notes offered by this prospectus supplement and the shares of common stock reserved for issuance upon conversion of the Existing Convertible Notes. The Pro Forma amount reflects the assumed issuance of 4,906,482 shares of restricted common stock as part of the purchase consideration for the Transaction.
(10) Does not reflect the capped call transaction described in this prospectus supplement, nor the expected accounting treatment applicable to these transactions. We expect the cost of entering into the capped call transactions to be initially reflected as a derivative asset and, subsequent to the share reservation date, reclassified to equity as a reduction to additional paid-in capital in the stockholders equity section of our balance sheet.
(11) The Pro Forma amount includes adjustments relating to the Transaction. See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information for additional details of the adjustments.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information is presented to illustrate the estimated effects of (i) the assumed issuance of $150.0 million aggregate principal amount of the notes offered hereby, excluding the underwriters exercise of the over-allotment option, (ii) the borrowing under Encore s Revolving Credit Facility of $100.0 million, and (iii) the Transaction (collectively, the Pro Forma Transactions).

The unaudited pro forma condensed consolidated financial information presented below was prepared based on the audited consolidated financial statements of Encore as of and for the year ended December 31, 2017, and the unaudited condensed consolidated interim financial statements of Encore as of and for the three months ended March 31, 2018. The unaudited pro forma condensed consolidated financial information reflects a number of adjustments made to the financial information of Encore. The basis for the adjustments reflected in the unaudited pro forma condensed consolidated financial information and the key assumptions made are explained in the notes to the information accompanying the tables.

The consummation of the Transaction will result in Encore acquiring, indirectly, the remaining 49.9% of Janus Holdings and the remaining 14.02% of Cabot Holdings not currently held directly or indirectly by Janus Holdings, each of which are subsidiaries that Encore already consolidated. Because the acquisition of the noncontrolling interest is significant to Encore under Regulation S-X, Encore is required to include such pro forma information on the acquisition of the additional interest.

The unaudited pro forma condensed consolidated financial information set forth below does not reflect final accounting adjustments for the Pro Forma Transactions.

The unaudited pro forma condensed consolidated statement of financial condition as of March 31, 2018 gives effect to the Pro Forma Transactions as if they had occurred on March 31, 2018. The unaudited pro forma condensed consolidated statement of operations for the three months ended March 31, 2018 and the year ended December 31, 2017 give effect to the Pro Forma Transactions as if they had occurred on January 1, 2017. This unaudited pro forma condensed consolidated financial information is based on available information and various assumptions that management believes to be reasonable, including the receipt of all consents and approvals required for completion of the Transaction. The actual results may differ significantly from those reflected in the unaudited pro forma condensed consolidated financial information for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma financial information and actual amounts. The unaudited pro forma condensed consolidated financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been had the Pro Forma Transactions occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or financial position.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2018

(In Thousands, Except Par Value Amounts)

	Historical Financial Statement	Pro Forma Adjustments	Notes	Pro Forma Financial Statement
Assets				
Cash and cash equivalents	$ 217,138	$ (24,620)	(a)	$ 192,518
Investment in receivable portfolios, net	3,024,141			3,024,141
Deferred court costs, net	85,887			85,887
Property and equipment, net	81,008			81,008
Other assets	276,966	16,300	(b)	293,266
Goodwill	957,120			957,120
Total assets	$ 4,642,260	$ (8,320)		$ 4,633,940
Liabilities and Equity				
Liabilities:				
Accounts payable and accrued liabilities	$ 244,948	$		$ 244,948
Debt, net	3,607,101	(25,409)	(c)	3,581,692
Other liabilities	33,187			33,187
Total liabilities	3,885,236	(25,409)		3,859,827
Commitments and contingencies				
Redeemable noncontrolling interest	155,249	(145,548)	(d)	9,701
Equity:				
Convertible preferred stock, $.01 par value, 5,000 shares authorized, no shares issued and outstanding				
Common stock, $.01 par value, 50,000 shares authorized, 25,912 shares issued and outstanding, actual, 30,818 shares issued and outstanding, pro forma	259	49	(e)	308
Additional paid-in capital	45,906	154,141	(f)	200,047
Accumulated earnings	626,130	(1,375)	(g)	624,755
Accumulated other comprehensive loss	(61,463)			(61,463)
Total Encore Capital Group, Inc. stockholders equity	610,832	152,815		763,647
Noncontrolling interest	(9,057)	9,822	(d)	765
Total equity	601,775	162,637		764,412
Total liabilities, redeemable equity and equity	$ 4,642,260	$ (8,320)		$ 4,633,940

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2018

(In Thousands, Except Per Share Amounts)

	Historical Financial Statement	Pro Forma Adjustments	Notes	Pro Forma Financial Statement
Revenues				
Revenue from receivable portfolios	$ 281,009	$		$ 281,009
Other revenues	35,968			35,968
Total revenues	316,977			316,977
Allowance reversals on receivable portfolios, net	9,811			9,811
Total revenues, adjusted by net allowances	326,788			326,788
Operating expenses				
Salaries and employee benefits	89,259			89,259
Cost of legal collections	53,855			53,855
Other operating expenses	33,748			33,748
Collection agency commissions	11,754			11,754
General and administrative expenses	39,284			39,284
Depreciation and amortization	10,436			10,436
Total operating expenses	238,336			238,336
Income from operations	88,452			88,452
Other (expense) income				
Interest expense	(57,462)	4,179	(h)	(53,283)
Other income	2,193			2,193
Total other expense	(55,269)	4,179		(51,090)
Income before income taxes	33,183	4,179		37,362
(Provision) benefit for income taxes	(9,470)	742	(i)	(8,728)
Net income	23,713	4,921		28,634
Net (income) loss attributable to noncontrolling interest	(1,886)	1,909	(j)	23
Net income attributable to Encore Capital Group, Inc. stockholders	$ 21,827	$ 6,830		$ 28,657

Earnings per share attributable to Encore Capital Group, Inc.			
Basic earnings per share	$ 0.84		$ 0.93
Diluted basic earnings per share	$ 0.83		$ 0.91
Weighted averages shares outstanding:			
Basic	26,056	4,906	30,962
Diluted	26,416	4,906	31,322

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017

(In Thousands, Except Per Share Amounts)

	Historical Financial Statement	Pro Forma Adjustments	Notes	Pro Forma Financial Statement
Revenues				
Revenue from receivable portfolios	$ 1,053,373	$		$ 1,053,373
Other revenues	92,429			92,429
Total revenues	1,145,802			1,145,802
Allowance reversals on receivable portfolios, net	41,236			41,236
Total revenues, adjusted by net allowances	1,187,038			1,187,038
Operating expenses				
Salaries and employee benefits	315,742			315,742
Cost of legal collections	200,058			200,058
Other operating expenses	104,938			104,938
Collection agency commissions	43,703			43,703
General and administrative expenses	158,080			158,080
Depreciation and amortization	39,977			39,977
Total operating expenses	862,498			862,498
Income from operations	324,540			324,540
Other (expense) income				
Interest expense	(204,161)	12,276	(h)	(191,885)
Other income	10,847			10,847
Total other expense	(193,314)	12,276		(181,038)
Income from continuing operations before income taxes	131,226	12,276		143,502
(Provision) benefit for income taxes	(52,049)	3,364	(i)	(48,685)
Income from continuing operations	79,177	15,640		94,817
Loss from discontinued operations, net of tax	(199)			(199)
Net income	78,978	15,640		94,618
Net loss attributable to noncontrolling interest	4,250	1,923	(j)	6,173

Net income attributable to Encore Capital Group, Inc. stockholders	$ 83,228	$ 17,563	$ 100,791
Amounts attributable to Encore Capital Group, Inc.:			
Income from continuing operations	$ 83,427	$ 17,563	$ 100,990
Loss from discontinued operations, net of tax	(199)		(199)
Net income	$ 83,228	$ 17,563	$ 100,791
Earnings per share attributable to Encore Capital Group, Inc.:			
Basic earnings (loss) per share from:			
Continuing operations	$ 3.21		$ 3.27
Discontinued operations	$ (0.01)		$ (0.01)
Net basic earnings per share	$ 3.20		$ 3.26
Diluted earnings (loss) per share from:			
Continuing operations	$ 3.16		$ 3.23
Discontinued operations	$ (0.01)		$ (0.01)
Net diluted earnings per share	$ 3.15		$ 3.22
Weighted averages shares outstanding:			
Basic	25,972	4,906	30,878
Diluted	26,405	4,906	31,311

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Presentation

The Unaudited Pro Forma Condensed Consolidated Financial Information (the Pro Forma Financial Information) has been prepared to reflect the following transactions:

(i) the incurrence of indebtedness under the notes offered hereby at the assumed aggregate principal amount of $150.0 million and the net proceeds therefrom;

(ii) the borrowing under Encore s Revolving Credit Facility of $100.0 million; and

(ii) the Transaction.

These transactions are referred to as the Pro Forma Transactions in this prospectus supplement.

2. Pro Forma Adjustments

Adjustments to the pro forma condensed consolidated statement of financial condition

(a) This adjustment represents our assumption of using cash on hand to fund the remaining cash considerations required in order to complete the Transaction, after using the expected net proceeds to be received from the issuance and sale of the notes offered hereby, net of the expected cost of entering into the capped call transactions described in this prospectus supplement, and the borrowing under Encore s Revolving Credit Facility.

(b) This adjustment represents the estimated cost of capped call transactions described in