



Encore Capital Group, Inc. Announces Private Placement of \$15 Million Additional Convertible Senior Notes

December 11, 2012

SAN DIEGO, Dec. 11, 2012 /PRNewswire/ -- On November 27, 2012, Encore Capital Group, Inc. (NASDAQ: ECPG) (the "Company") sold \$100,000,000 in aggregate principal amount of the Company's 3.00% Convertible Senior Notes due 2017 (the "Notes") in a private placement transaction. The Notes were issued pursuant to an Indenture, dated November 27, 2012, between the Company and Union Bank, N.A., as trustee. On December 6, 2012, the initial purchasers exercised, in full, their option to purchase an additional \$15,000,000 in aggregate principal amount of the Notes (the "Additional Notes"). The Company today announced the closing of the sale of the Additional Notes.

In connection with the initial purchasers' exercise of their option to purchase the Additional Notes, the Company entered into convertible note hedge transactions with certain financial institutions (the "option counterparties"). The convertible note hedge transactions are expected generally to reduce the potential dilution and/or offset the cash payments the Company is required to make in excess of the principal amount upon conversion of the Additional Notes in the event that the market price of the Company's common stock is greater than the strike price of the convertible note hedge transactions. The Company also entered into warrant transactions with the option counterparties. The warrant transactions could separately have a dilutive effect if the market price of the Company's common stock exceeds the strike price of the warrant transactions, unless the Company elects, subject to certain conditions, to settle the warrant transactions in cash. The strike price of the warrant transactions will initially be \$44.1875 per share, which represents a premium of approximately 75% over the last reported sale price of the Company's common stock on November 20, 2012, and is subject to certain adjustments under the terms of the warrant transactions.

The Company has been advised by the option counterparties that in connection with establishing their initial hedge of the convertible note hedge transactions and warrant transactions, the option counterparties or their respective affiliates expect to enter into various derivative transactions with respect to the Company's common stock and/or purchase shares of the Company's common stock in privately negotiated transactions and/or open market transactions. This activity could increase (or reduce the size of any decrease in) the market price of the Company's common stock or the Notes at that time.

In addition, the Company has been advised by the option counterparties that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to the Company's common stock and/or purchasing or selling the Company's common stock in secondary market transactions following the initial purchasers' exercise of their option to purchase the Additional Notes and prior to the maturity of the Notes (and are likely to do so during any observation period related to a conversion of the Notes). This activity could also cause or avoid an increase or a decrease in the market price of the Company's common stock or the Notes, which could affect the ability of holders to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of the Notes, it could affect the amount and value of the consideration that holders will receive upon conversion of the Notes.

The net proceeds from the sale of the Additional Notes were approximately \$14.6 million, after deducting estimated fees and expenses and the initial purchasers' discounts and commissions. The Company used approximately \$1.5 million of the net proceeds to pay the cost of the additional convertible note hedge transactions, taking into account the proceeds to the Company of the additional warrant transactions; and the balance of the net proceeds for general corporate purposes.

The Additional Notes, the shares of the Company's common stock issuable upon conversion of the Additional Notes, if any, the convertible note hedge transactions and the warrant transactions have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release is being issued pursuant to Rule 135c under the Securities Act and does not constitute an offer to sell or the solicitation of an offer to buy securities. Any offer of the securities will be made only by means of a private offering memorandum.

Forward-Looking Statements

The statements in this press release that are not historical facts, including, most importantly, those statements preceded by, or that include, the words "may," "believe," "projects," "expects," "anticipates" or the negation thereof, or similar expressions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). These statements may include, but are not limited to, statements regarding the anticipated use of proceeds from the offering. For all "forward-looking statements," the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in the reports filed by the Company with the Securities and Exchange Commission, including the most recent reports on Forms 10-K, 10-Q and 8-K, each as it may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.

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Information found on the Company's website is not incorporated by reference.

SOURCE Encore Capital Group, Inc.