
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): February 7, 2014

ENCORE CAPITAL GROUP, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-26489
(Commission
File Number)

48-1090909
(IRS Employer
Identification No.)

3111 Camino Del Rio North, Suite 1300,
San Diego, California
(Address of Principal Executive Offices)

92108
(Zip Code)

(877) 445-4581
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

Share Sale and Purchase Agreement

On February 7, 2014, Cabot Financial Holdings Group Limited (“Cabot Financial Holdings”), an indirect subsidiary of Encore Capital Group, Inc. (“Encore”), entered into a Share Sale and Purchase Agreement (the “Purchase Agreement”), pursuant to which Cabot Financial Holdings acquired (a) the entire issued share capital of Marlin Financial Group Limited, a company organized under the laws of England (“Marlin”) and (b) certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited, a company organized under the laws of England, which is a direct wholly owned subsidiary of Marlin (the “Acquisition”), from funds managed by Duke Street and certain individuals, including certain executive management of Marlin (collectively, the “Sellers”).

Pursuant to the terms and conditions of the Purchase Agreement and certain ancillary agreements, Cabot Financial Holdings purchased from the Sellers all of the issued and outstanding equity securities of Marlin and certain subordinated fixed rate loan notes of Marlin Financial Intermediate Limited and assumed substantially all of the outstanding debt of Marlin Intermediate Holdings plc, a subsidiary of Marlin, for an aggregate purchase price of approximately £295 million (approximately \$481 million).

Equity Documents

Upon the consummation of the Purchase Agreement, certain of executive management of Marlin invested a proportion of their purchase price proceeds into various securities in Cabot Holdings S.à.r.l, the holding company of Cabot Financial Holdings.

Senior Secured Bridge Facilities

The Acquisition was financed with borrowings under the existing revolving credit facility of Cabot Financial (UK) Limited (the “Revolving Credit Facility”), a subsidiary of Cabot Financial Holdings, and under new senior secured bridge facilities (the “Senior Secured Bridge Facilities”) provided by J.P. Morgan Limited, Deutsche Bank AG, London Branch, Lloyds Bank plc, The Royal Bank of Scotland plc and UBS Limited entered into on February 7, 2014 pursuant to a Senior Secured Bridge Facilities Agreement.

The Senior Secured Bridge Facilities Agreement provides for (a) a senior secured bridge facility in an aggregate principal amount of up to £105 million (“Bridge Facility A”) and (b) a senior secured bridge facility in an aggregate principal amount of up to £151.5 million (“Bridge Facility B,” and together with Bridge Facility A, the “Bridge Facilities”). The purpose of Bridge Facility A is to provide funding for the financing, in full or in part, of the purchase price for the Acquisition and the payment of costs, fees and expenses in connection with the Acquisition, and was fully drawn on as of the closing of the Acquisition. The purpose of Bridge Facility B is to finance, in full or in part, the repurchase of any bonds tendered in any change of control offer required to be made to the holders of the £150 million 10.5% Senior Secured Notes due 2020 issued by Marlin Intermediate Holdings plc (the “Marlin Bonds”) and the premium payable thereon. Bridge Facility B will only be utilized to the extent that any holders of the Marlin Bonds elect to tender their Marlin Bonds. The Senior Secured Bridge Facilities Agreement also provides for uncommitted incremental facilities in an amount of up to £80 million for the purposes of financing future debt portfolio acquisitions. The Senior Secured Bridge Facilities have an initial term of one year and an extended term of 6.5 years if they are not repaid during the first year of issuance.

Prior to their initial maturity date, the rate of interest payable under the Senior Secured Bridge Facilities is the aggregate, per annum, of (i) LIBOR, *plus* (ii) an initial spread of 6.00% per annum (such spread stepping up by 50 basis points for each three-month period that the Senior Secured Bridge Facilities remain outstanding), not to exceed total caps set forth in the Senior Secured Bridge Facilities Agreement.

The Senior Secured Bridge Facilities are subject to mandatory prepayment with equity proceeds or the proceeds of other debt financings (subject to certain exceptions), at par prior to their initial maturity date. The Senior Secured Bridge Facilities have covenants that are substantially similar to those set forth in the Revolving Credit Facility (but prior to the initial maturity date, restricting the group from certain types of debt incurrence or restricted payments). The Senior Secured Bridge Facilities are guaranteed by all of the subsidiaries of Cabot Financial Limited other than Cabot Financial Holdings and share in the collateral granted to the existing senior secured notes issued by Cabot Financial (Luxembourg) S.A. on a *pari passu* basis. The events of default under the Senior Secured Bridge Facilities are substantially similar to those set forth in the Revolving Credit Facility and include, among other things, payment and covenant breaches and insolvencies of Cabot Financial Holdings or significant subsidiaries.

The foregoing summaries of the Purchase Agreement and the Senior Secured Bridge Facilities Agreement do not purport to be complete and are qualified in their entirety by reference to the complete text of the documents, copies of which will be filed with Encore's Annual Report on Form 10-K for the period ended December 31, 2013.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information provided in Item 1.01 above is incorporated in this item 2.01 by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 above is incorporated in this item 2.03 by reference.

Item 7.01. Regulation FD Disclosure.

On February 10, 2014, Encore issued a press release announcing the Acquisition and conducted a conference call regarding the Acquisition. The press release is furnished hereto as Exhibit 99.1, a copy of the slide presentation provided in connection with the conference call is furnished hereto as Exhibit 99.2, and each is incorporated herein solely for purposes of this Item 7.01.

The information in this Current Report on Form 8-K furnished to the Securities and Exchange Commission pursuant to Item 7.01, including Exhibits 99.1 and 99.2, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by a specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated February 10, 2014
99.2	Slide presentation of Encore Capital Group, Inc. dated February 10, 2014

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ENCORE CAPITAL GROUP, INC.

Date: February 10, 2014

/s/ Paul Grinberg

Paul Grinberg

Executive Vice President, Chief Financial Officer and Treasurer



Encore Capital Group Announces Expansion in U.K. through Purchase of Marlin Financial Services by Cabot Credit Management

- Acquisition Creates Market Leader in U.K.; Strengthens Encore's Growth Position -

- Conference call scheduled for 9:00 a.m. Eastern -

SAN DIEGO – February 10, 2014 - Encore Capital Group, Inc. (Encore) an international specialty finance company (NASDAQ: ECPG), today announced that its subsidiary, U.K.-based Cabot Credit Management (Cabot), has acquired Marlin Financial Group (Marlin), a leader in the U.K. debt purchasing market, for a cash purchase price of £295 million (approximately \$481 million). The transaction was fully financed by debt incurred by Cabot. Encore acquired a controlling stake in Cabot in July 2013.

Cabot's acquisition of Marlin expands Encore's strong presence in the high-growth U.K. and Irish markets, which together comprise the largest mature credit market in the world after the U.S. Together the two companies will create the largest unsecured debt buyer in the U.K., and the companies expect to generate substantial synergies that will drive profit growth in the near term, with future upside potential. The transaction is expected to be accretive to Encore's 2014 earnings per share.

According to Ken Vecchione, Chief Executive Officer of Encore, the acquisition sends a clear signal that Encore will continue its purposeful expansion in order to capitalize on growth and consolidation opportunities both domestically and internationally. "As we have said before, our goal is to consistently deliver 15 percent growth in earnings per share. We plan to achieve this by focusing on three key areas: growing our existing businesses, including Propel and Cabot, expanding into new geographies, and diversifying into new asset classes. Cabot's acquisition of Marlin aligns perfectly with this strategy."

Marlin brings to Cabot over £350 million in Estimated Remaining Collections (ERC), as well as a robust, mature legal collections operation. With this litigation capability, Marlin is highly effective at collecting on non-performing debt, in which consumers have the ability to pay but are unwilling to do so. This is an ideal complement to Cabot's success with collecting on semi-performing debt, where consumers have a high willingness to pay. By leveraging each other's core strengths, Cabot and Marlin will expand their ability to collect on their respective portfolios, potentially creating a substantial uplift in ERC for current portfolios and generating additional liquidation on future purchases.

The acquisition will also accelerate Cabot's growth into the secondary and tertiary asset classes, further expanding the addressable market. In addition, Encore, Cabot and Marlin have the opportunity to create further operational efficiencies by applying industry expertise and sharing their best practices in analytics, systems and technology, and a deep understanding of consumers.



“We are excited about the possibilities afforded by this acquisition and the platform for growth it creates in the U.K. market,” Vecchione continued. “Transactions like these allow us to deliver on our commitment to earnings growth. In addition, we are well positioned to capitalize on the growing trend toward consolidation in the U.K., just as we have in the U.S.”

Encore also announced that as part of the agreement, Ken Stannard, Marlin’s chief executive officer, has been appointed chief executive officer of Cabot, with Neil Clyne, Cabot’s current chief executive officer, stepping down to pursue other interests.

Transaction conference call

Encore also announced that it would host a conference call and slide presentation today at 9:00 a.m. ET to discuss the announcement. Members of the public are invited to access the live webcast via the Internet, by logging on at the Investor Relations page of Encore’s website at www.encorecapital.com. To access the live, listen-only telephone conference portion, please dial 877-670-9781 (U.S.) or 631-456-4378 (international).

For those who cannot listen to the live broadcast, a replay of the conference call and slide presentation will be available shortly after the call on the Investors section of Encore’s website. A telephonic replay will be available for seven days by dialing 800-585-8367 (US) or 404-537-3406 (international) and entering the conference number 89739680.

About Encore Capital Group, Inc.

Encore Capital Group is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of assets. Through its subsidiaries, the Company purchases portfolios of consumer receivables from major banks, credit unions, and utility providers, and partners with individuals as they repay their obligations and work toward financial recovery. Through its Propel Financial Services subsidiary, the Company assists property owners who are delinquent on their property taxes by structuring affordable monthly payment plans and purchases delinquent tax liens directly from select taxing authorities. Through its Cabot Credit Management subsidiary in the United Kingdom, the Company is a market-leading acquirer and manager of consumer debt in the United Kingdom and Ireland. Encore’s success and future growth are driven by its sophisticated and widespread use of analytics, its broad investments in data and behavioral science, the significant cost advantages provided by its highly efficient operating model and proven investment strategy, and the Company’s demonstrated commitment to conducting business ethically and in ways that support its consumers’ financial recovery.

Headquartered in San Diego, Encore is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P SmallCap 600, and the Wilshire 4500. More information about the Company can be found at www.encorecapital.com.



Encore Capital Group's website and the information contained therein, is not incorporated into and is not a part of this press release.

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 our future operating results, performance, business plans or prospects. 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 its most recent report on Form 10-K and its subsequent reports on Form 10-Q, 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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ENCORE CAPITAL GROUP, INC.

ACQUISITION OF MARLIN FINANCIAL GROUP

February 10, 2014

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

The statements in this presentation that are not historical facts, including, most importantly, those statements preceded by, or that include, the words “will,” “may,” “believe,” “projects,” “expects,” “anticipates” or the negation thereof, or similar expressions, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). These statements may include, but are not limited to, statements regarding our future operating results, earnings per share, and growth. For all “forward-looking statements,” the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or

achievements of the Company and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in the reports filed by the Company with the Securities and Exchange Commission, including its most recent report on Form 10-K, and its subsequent reports on form 10-Q, each as it may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.



THE MARLIN ACQUISITION BUILDS ON ENCORE'S UK PLATFORM CREATED BY THE HIGHLY SUCCESSFUL ACQUISITION OF CABOT

Cabot marked Encore's entrance into the UK market

- United two market leaders and created a platform in the UK for consolidation and diversification
- Cabot investment has been highly successful to date
 - 120-month gross ERC of £1.05 billion ¹
 - LTM portfolio purchases of £143 million ¹
- Continued strong growth in the UK market expected

Marlin enhances capabilities, diversification and scale

1. As of September 30, 2013

MARLIN IS A MARKET LEADING ACQUIRER OF NON-PERFORMING, UNSECURED CONSUMER DEBT IN THE UK



Impressive growth track record

Market leader in non-performing debt purchasing, with litigation enhanced collections

- Sophisticated, proprietary scorecard to identify optimal litigation quality accounts

Long-term, well-diversified ERC

- 79% underpinned by long-term payment plans and 32% secured on property

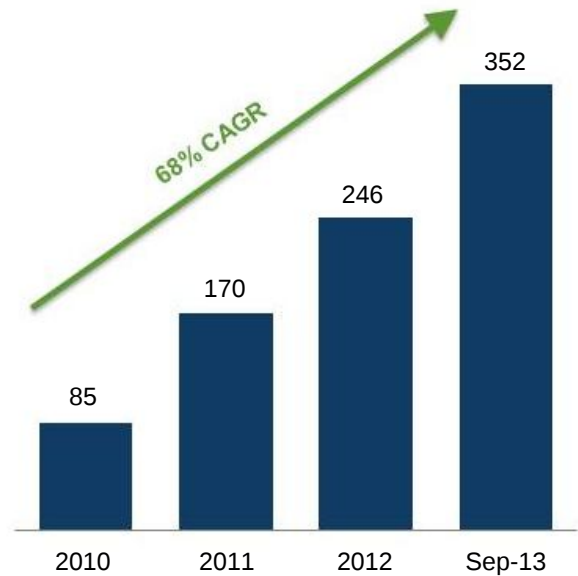
Impressive track record of significant growth

Leading compliance track record

Key statistics as of September 30, 2013:

- £2.2 billion face value of debt acquired for £264 million
- 120-month gross ERC of £352 million
- 462K customer accounts
- LTM collections of £64 million
- LTM capital deployment of £115 million¹

120-month gross ERC (£m)



Source: Company information

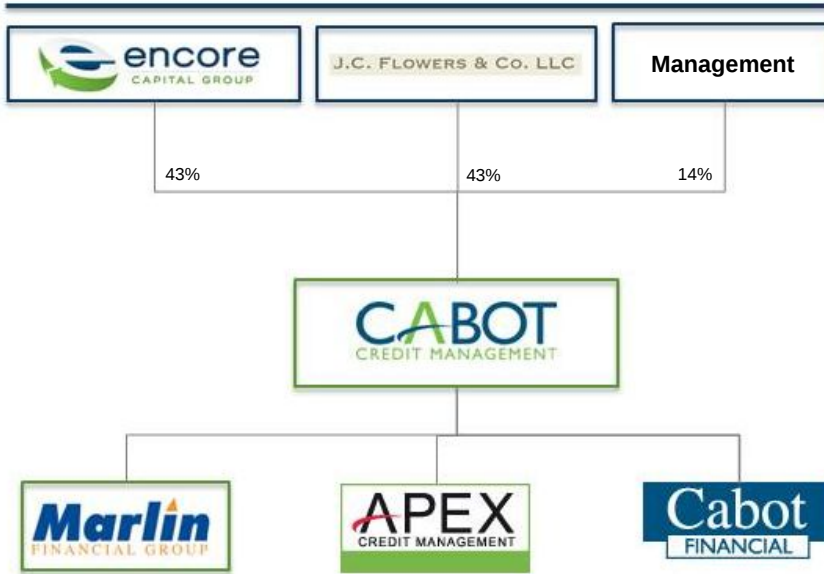
1. Includes £50M funded by consortium partners

MARLIN PRESENTS A UNIQUE AND COMPELLING OPPORTUNITY FOR CABOT TO ENHANCE ITS UK MARKET POSITION

Investment rationale

Creates the UK market leader by ERC	<ul style="list-style-type: none">• Increases Encore's exposure to the high-growth UK market• Strong relationships with key vendor banks make Cabot+Marlin well-placed to increasingly become the purchaser of choice
Strong growth profile	<ul style="list-style-type: none">• Cabot+Marlin can leverage the full extent of UK market growth with complementary niches• Ability to sustain IRRs on future purchases through incremental litigation collections and other synergies
Enhanced, sustainable profitability	<ul style="list-style-type: none">• Creates the ability to optimize account scoring and collection channel across both operations• Operational efficiencies and economies of scale
Deep management bench strength	<ul style="list-style-type: none">• Valuable additional talent pool with deep industry experience

Combined ownership structure



Key management team



Ken Stannard
Chief Executive Officer

- Current Marlin CEO
- Previously Managing Director, Credit Cards, Lloyds Banking Group
- Managing Director, Capital One UK Head of European Operations, American Express



Chris Ross-Roberts
Chief Financial Officer

- Current Cabot CFO
- Previously Group Finance Director, BPP Holdings
- 15 years of board level experience



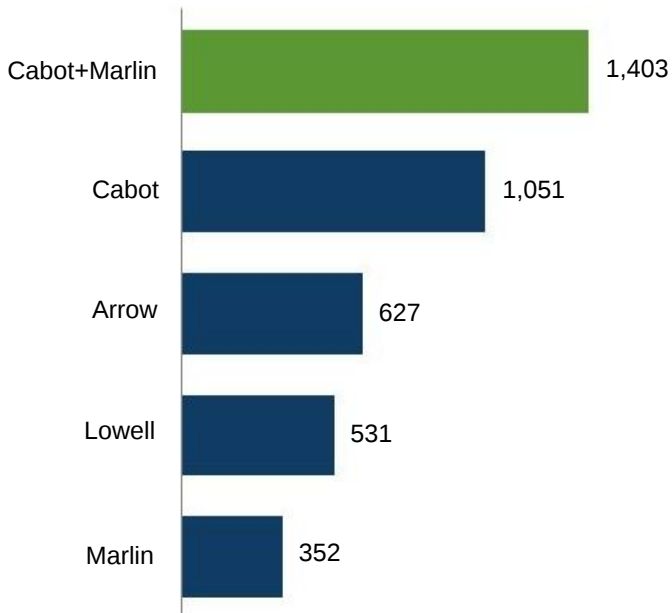
Stephen Mound
Director and Chief Operating Officer

- Current Cabot COO
- 28 years of financial services experience
- Previously worked at the Co-operative Bank and Littlewoods Shop Direct Group

THE TRANSACTION WILL POSITION CABOT+MARLIN AS THE LEADER IN THE UK DEBT PURCHASING MARKET

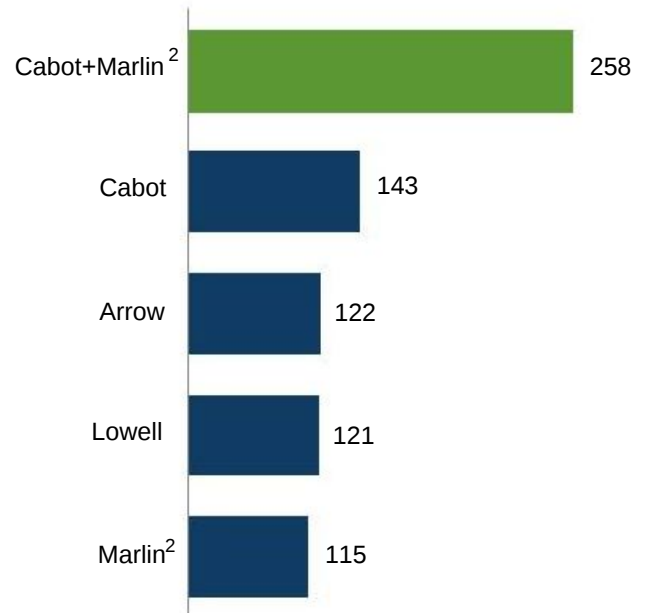
120-month gross ERC ¹

£ millions



LTM portfolio purchases ¹

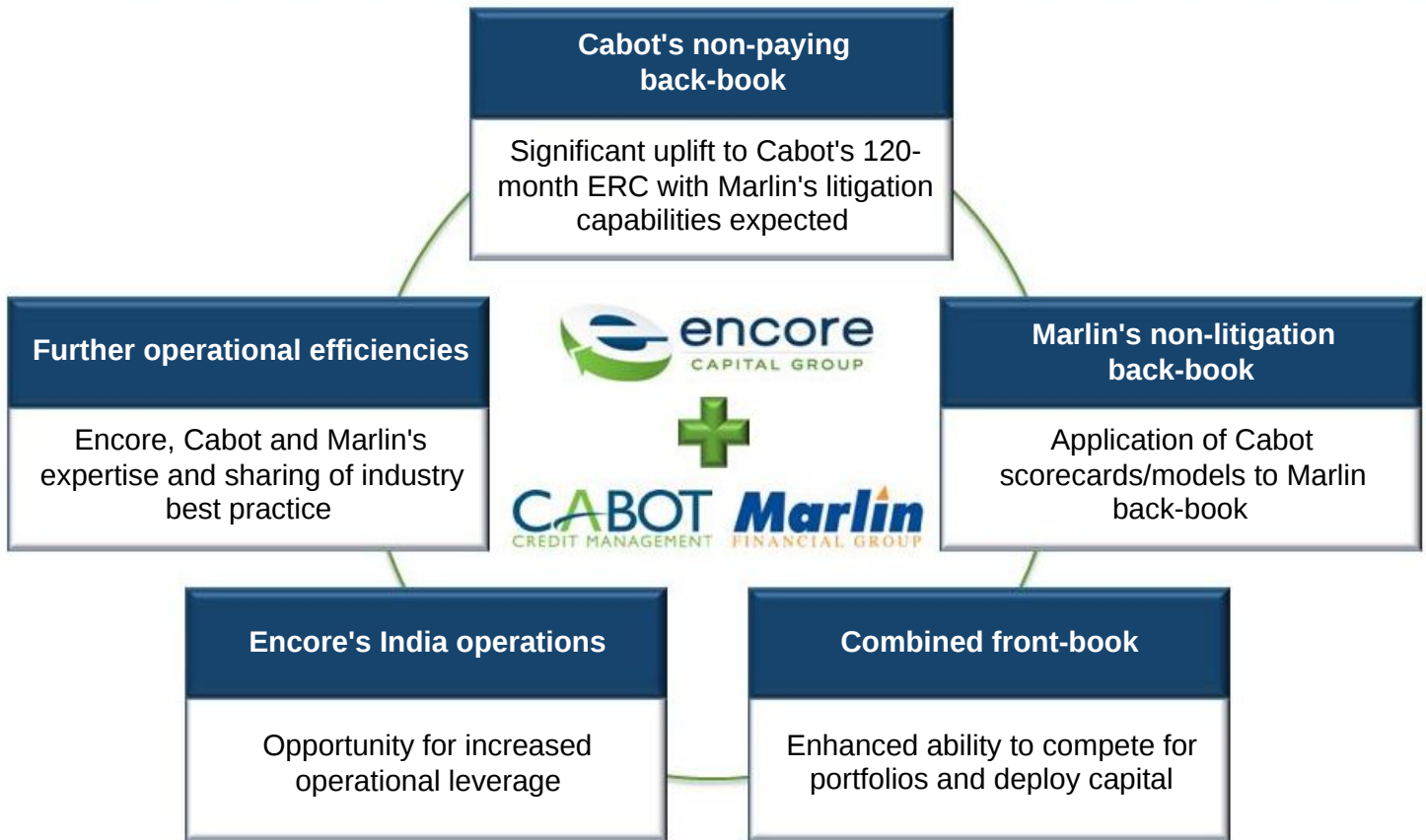
£ millions



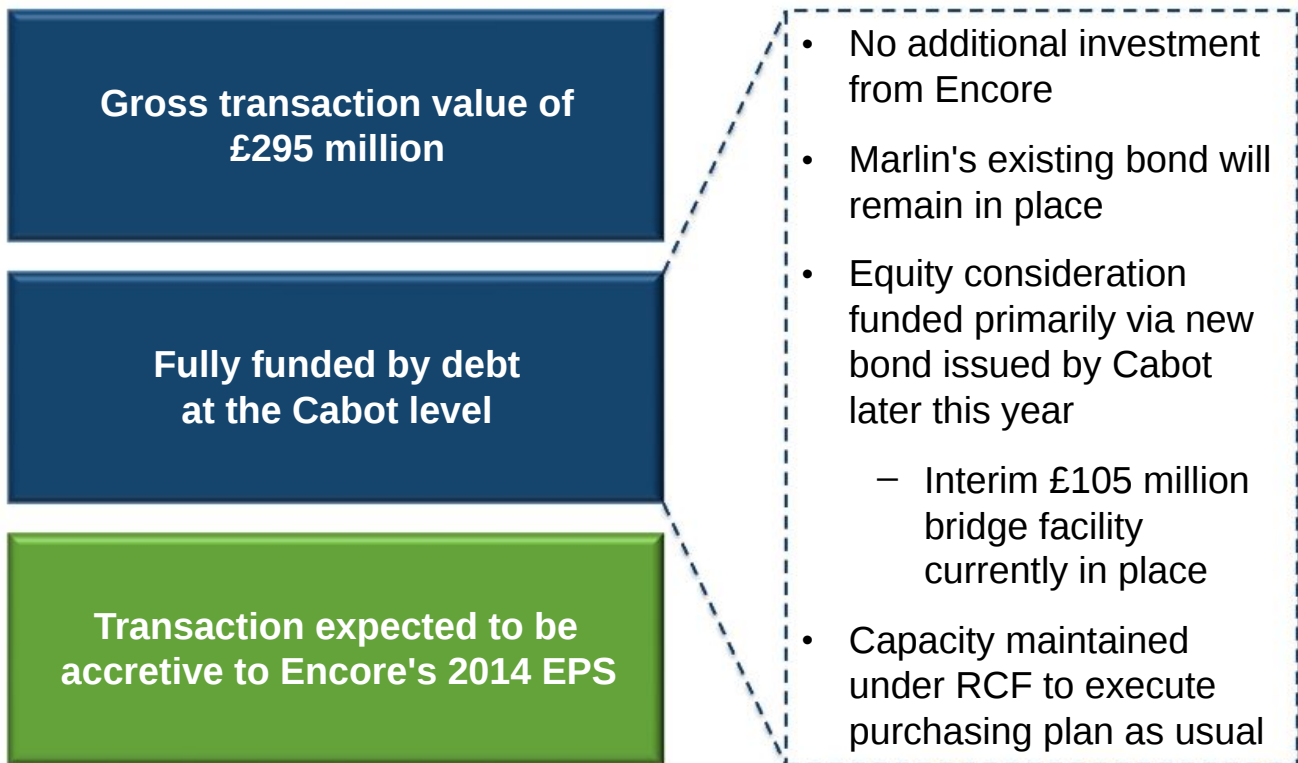
Source: Company information

1. As of September 30, 2013, selected peers represent UK debt purchasers with publicly traded bonds
2. Includes £50M funded by consortium partners.

THE TRANSACTION PRESENTS SUBSTANTIAL SYNERGY OPPORTUNITIES ACROSS ALL OF OUR COMBINED OPERATIONS



THE TRANSACTION HAS A FAVORABLE FUNDING STRUCTURE AND FINANCIAL IMPACT TO ENCORE



MARLIN PROVIDES AN ENHANCED PLATFORM FOR ENCORE'S SUSTAINED WORLDWIDE EARNINGS GROWTH

Marlin substantially enhances Cabot's position in the UK market

Growth

Well-placed to leverage full extent of UK market growth

Profitability

IRRs protected even as competition increases

Encore EPS accretion

Helps achieve Encore's 15% long-term EPS growth¹

1. Calculation of EPS excludes one-time transaction and integration costs and non-cash interest associated with the Company's 2012 convertible debt offering