
**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 20, 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Non-Executive Chairman

On February 20, 2014, the Board of Directors (the “Board”) of Encore Capital Group, Inc. (the “Company”) appointed Willem T. Mesdag as non-executive Chairman of the Board. Mr. Mesdag has served as a director of the Company since May 2007. He is the Managing Partner of Red Mountain Capital Partners LLC, an investment advisor, and is President of Red Mountain Capital Management, Inc., its Managing Member. Mr. Mesdag succeeds George Lund, who on February 20, 2014 announced his intention to resign as Executive Chairman of the Board and as an employee of the Company. Mr. Lund will continue to serve as a non-employee director of the Company. Mr. Lund had served as the Company’s Executive Chairman since July 2009. Prior to that, Mr. Lund had served as non-executive Chairman of the Board beginning in August 2008 and as a director beginning in September 2007.

Appointment of Directors

On February 20, 2014, the Board, upon the recommendation of the Board’s Nominating Committee, appointed Laura Olle and Richard Srednicki to the Board, effective February 26, 2014. The Board has affirmatively determined that Ms. Olle and Mr. Srednicki qualify as independent directors under the Nasdaq listing standards. In addition, Ms. Olle was appointed to the Audit Committee of the Board and Mr. Srednicki was appointed to the Compensation Committee of the Board, in each case effective February 26, 2014.

Ms. Olle joins the Board having retired from Capital One Financial Corporation in 2007, where she served as chief enterprise risk officer. She joined Capital One in 1999 as senior vice president of Information Technology Systems Development. Prior to Capital One, Ms. Olle served as senior vice president of Information Systems and Services at Freddie Mac. She has also held key IT positions at the Marriott Corporation and worked as a management consultant at Arthur Young and Company.

Mr. Srednicki retired from JPMorgan Chase & Co. in 2007 following seven years as chief executive officer of Chase Card Services and a member of the JPMorgan Chase Operating and Executive Committees. Prior to Chase Card Services, he was president of the Home Services Division at Sears Roebuck & Co., president of AT&T Universal Card Services, general manager of Citibank Germany, general manager of Citibank Card Services USA and a senior product manager at Colgate Palmolive Company. Until recently, he was a board member of Alliance Bank of Arizona and the Affinion Group, Inc.

For their service as non-employee directors, Ms. Olle and Mr. Srednicki will be eligible for the same retainer fees as other non-employee directors. Each will also receive an initial equity award of \$50,000 in shares of Company common stock, consistent with the Company’s compensation program for non-employee directors.

Changes to Non-Employee Director Compensation

In December 2013, the Board, based upon the recommendation of the Board’s Compensation Committee, approved and in increase in the annual equity retainer payable to non-employee directors from \$50,000 to \$100,000. The increase will be effective for the equity retainer to be granted on the fifth business day following the Company’s 2014 annual meeting of stockholders. In addition, on February 20, 2014, the Board, based upon the recommendation of the Board’s Compensation Committee, approved (i) a \$50,000 annual cash retainer for service as non-executive Chairman of the Board and (ii) a \$50,000 annual cash retainer for non-employee directors of the Company who also serve on the Board of Directors of Cabot Credit Management Limited (“Cabot”), the Company’s U.K.-based subsidiary, to compensate them for the increased time and travel commitments commensurate with that role.

After these changes, the Company’s compensation plan for non-employee directors is as follows:

- For service on the Board and attendance at meetings of the Board (i) an annual cash retainer of \$50,000 (payable semi-annually in advance) and (ii) an annual equity award retainer with a grant-date value of \$100,000 (granted as shares or units of Company common stock, to be granted on the fifth business day following the annual meeting of stockholders).

- An additional annual cash retainer of \$50,000 payable to the non-executive Chairman of the Board (payable semi-annually in advance).
- An additional annual cash retainer of \$20,000 payable to the Chairman of each of the Audit Committee, Compensation Committee and Nominating Committee, and \$10,000 payable to all other directors serving on each of the Audit Committee, Compensation Committee and Nominating Committee (in each case payable semi-annually in advance).
- An additional annual cash retainer of \$50,000 for non-employee directors also serving on Cabot's Board of Directors (payable semi-annually in advance).
- Upon a non-employee director's initial appointment to the Board, an equity award with a grant-date value of \$50,000 (granted as shares or units of Company common stock, to be granted on the fifth business day following the date the director becomes a member of the Board).

Director compensation is based on annual service. All equity award grants are fully vested on the date of grant. A director is not permitted to sell his or her shares until the director's service to the Company as a director terminates, other than shares sold to cover applicable tax obligations related to the delivery of shares. If the Company declares a dividend, directors would be paid a dividend in the same method and at the same time as other stockholders of the Company are paid such dividends.

A copy of the Company's press release announcing the foregoing events is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Compensation Arrangements for Chief Financial Officer

On February 24, 2014, the Company entered into certain arrangements with its Chief Financial Officer, Paul Grinberg, in order to ensure continuity of service. Specifically, the Company and Mr. Grinberg entered into a letter agreement (the "Letter Agreement") setting forth certain changes to Mr. Grinberg's compensation. Under the Letter Agreement, Mr. Grinberg will be eligible for an annualized base salary of \$550,000, effective January 1, 2014. Mr. Grinberg's annual target cash bonus will remain at 100% of his base salary, and his annual target cash bonus for 2013 will be calculated based on a target of \$500,000. He will remain eligible for annual long-term compensation awards, to be determined by the Board's Compensation Committee in its sole discretion. In addition, the Letter Agreement provides for a special restricted stock award with a grant-date fair market value equal to \$1,100,000, to be granted within 30 days of the date Mr. Grinberg executes the Letter Agreement. The restricted stock will cliff vest on December 31, 2016, provided that if the Company terminates Mr. Grinberg's employment without "Cause" or if Mr. Grinberg terminates his employment for "Good Reason" (as such terms are defined in the restricted stock agreement) prior to December 31, 2016, the shares will vest 100% on the date of Mr. Grinberg's termination of employment. The Letter Agreement further provides that if the Company terminates Mr. Grinberg's employment without "Cause" (as defined in his equity award agreements), any equity awards that would have vested in the 18-month period following termination of Mr. Grinberg's employment will accelerate and vest on the date of Mr. Grinberg's termination of employment. Mr. Grinberg will continue to receive a monthly allowance for commuting expenses of \$8,500.

The Letter Agreement also amends the Severance Protection Letter Agreement dated as of March 11, 2009, and amended on January 9, 2013, between the Company and Mr. Grinberg (the "Severance Agreement"). The Letter Agreement amends the definition of "Good Reason" in the Severance Agreement. Under the amended Severance Agreement, "Good Reason" includes the following: (i) a material reduction in base or target bonus compensation or expense reimbursement entitlements; (ii) a material reduction in authority, duties or responsibilities, other than a reduction in authority, duties or responsibilities in connection with a transfer of such authority, duties or responsibilities to a successor; (iii) a change in reporting responsibilities so that Mr. Grinberg no longer reports to the Company's Chief Executive Officer; (iv) a material change in the location at which Mr. Grinberg provides services for the Company (which is defined as any relocation by the Company of Mr. Grinberg's employment to a location that is more than 35 miles from Mr. Grinberg's present office location and is more than 35 miles from Mr. Grinberg's primary residence at the time of such relocation, without Mr. Grinberg's consent); or (v) any termination of employment by Mr. Grinberg on or after December 31, 2016 so long as Mr. Grinberg provides the Company with written notice of such termination at least 90 days prior to the date of such termination. To be eligible to receive the

benefits regarding a termination for Good Reason under clauses (i) through (iv), (1) Mr. Grinberg must provide written notice of the “Good Reason” condition to the Company within 90 days after the initial existence of such condition; (2) the Company must not have cured such condition within 30 days of receipt of the written notice or it must have stated unequivocally in writing that it does not intend to attempt to cure such condition; and (3) Mr. Grinberg must resign from employment within 12 months following the end of the period within which the Company was entitled to remedy the condition constituting Good Reason but failed to do so.

The foregoing summary of the terms of the Letter Agreement is qualified in its entirety by reference to Exhibit 10.1, which is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

10.1 Letter Agreement, dated February 24, 2014, between Encore Capital Group, Inc. and Paul Grinberg

99.1 Press release dated February 24, 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 24, 2014

/s/ Greg Call

Greg Call

Senior Vice President, General Counsel, and Corporate Secretary



February 24, 2014

Mr. Paul Grinberg
 3111 Camino Del Rio North, Suite 1300
 San Diego, California 92108

Dear Paul:

This letter memorializes our recent conversations concerning certain changes to the terms and conditions of your continuing employment and compensation arrangements with Encore Capital Group, Inc., a Delaware corporation, and its subsidiaries and affiliates (collectively, "Encore"), as detailed below.

Compensation

You and Encore agree to the following changes:

- Base Salary. Effective January 1, 2014, your annualized base salary will be \$550,000, payable in accordance with Encore's standard payroll practices. Your base salary may be increased in the sole discretion of Encore's Compensation Committee.
- Annual Cash Bonus. Your annual target cash bonus will remain at 100% of your base salary. In addition, your 2013 annual cash bonus will be calculated based on a target of \$500,000.
- Annual Long-Term Incentive Compensation. Your annual target long-term incentive compensation will be determined by Encore's Compensation Committee in its sole discretion.
- Special Transaction & Retention Award. Within 30 days of the date you execute this letter, Encore will grant you a restricted stock award with a grant-date fair market value equal to \$1,100,000, all of which will cliff vest 100% on December 31, 2016; provided, however, if Encore terminates your employment without "Cause" or you terminate your employment for "Good Reason" prior to December 31, 2016 (each term as defined in the restricted stock agreement for the award), all of these shares will cliff vest 100% on the date of your termination of employment.
- Accelerated Vesting. If the Company terminates your employment without "Cause" (as defined in the equity award agreements), any equity awards that would have vested during the 18-month period following your termination of employment will accelerate and vest on your termination date.
- Commuting Expenses. Your monthly allowance for commuting expenses will remain at \$8,500.00.

Amendment to Severance Protection Agreement

This letter also serves as an amendment ("Amendment") to the letter agreement (the "Severance Protection Agreement") between you and Encore dated March 11, 2009, as amended on January 9, 2013.

You and Encore agree to the following changes to your Severance Protection Agreement:

1. The second paragraph of Section 2 of your Severance Protection Letter Agreement is deleted in its entirety and replaced with the following:

For purposes of this Agreement, a "**Good Reason**" is defined as any of the following reasons: (i) a material reduction in your base or target bonus compensation or your expense reimbursement entitlements; (ii) a material reduction in your authority, duties or responsibilities, other than a reduction in your authority, duties or responsibilities in connection with a transfer of such authority, duties or responsibilities to your successor;

(iii) a change in your reporting responsibilities so that you no longer report to the Company's Chief Executive Officer; (iv) a material change in the location at which you provide services for the Company (which is defined as any relocation by the Company of your employment to a location that is more than thirty-five (35) miles from your present office location and is more than thirty-five (35) miles from your primary residence at the time of such relocation, without your consent), or (v) any termination of your employment by you on or after December 31, 2016 so long as you provide the Company with written notice of such termination at least 90 days prior to the date of such termination. To be eligible to receive the benefits set forth in this Section 2 regarding a termination by you for Good Reason under clauses (i) through (iv), (x) you must provide written notice of the "Good Reason" condition to the Company within ninety (90) days after the initial existence of such condition, (y) the Company must not have cured such condition within thirty (30) days of receipt of your written notice or it must have stated unequivocally in writing that it does not intend to attempt to cure such condition; and (z) you resign from employment within twelve (12) months following the end of the period within which the Company was entitled to remedy the condition constituting Good Reason but failed to do so.

2. This Amendment to your Severance Protection Agreement has been duly authorized by Encore and is a legal and binding obligation of Encore and you, enforceable in accordance with its terms. All disputes arising under this Amendment will be governed by, and interpreted in accordance with, the laws of the State of California, without regard to its conflict of law provisions. Any action to enforce this Amendment (other than an action which must be brought by arbitration pursuant to Section 14 of the Severance Protection Agreement) must be brought in, and you and Encore hereby consent to the jurisdiction of, the County of San Diego, California. Both you and Encore hereby waive the right to claim that any such court is an inconvenient forum for the resolution of any such action. Except as specifically amended hereby, the Severance Protection Agreement shall remain in full force and effect. In the event the terms of the Severance Protection Agreement conflict with this Amendment, the terms of this Amendment shall control. Except as otherwise provided herein, this Amendment contains the entire understanding between you and Encore, and there are no other agreements or understandings between you and Encore with respect to the subject matter hereof. No alteration or modification hereof shall be valid except by a subsequent written instrument executed by both you and an authorized officer of Encore. This Amendment may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute only one agreement. Any facsimile or email scan of this Amendment shall be considered an original document.

Notwithstanding anything provided herein, your employment with Encore remains "at will," as described in your Severance Protection Agreement. As you would expect, all compensation and payments will be subject to applicable tax withholding.

Paul, if the terms and conditions of this letter are acceptable to you, please sign below.

Sincerely,

/s/ Ken A. Vecchione

Ken A. Vecchione
Chief Executive Officer
Encore Capital Group, Inc.

ACCEPTED AND AGREED:

/s/ Paul Grinberg

Paul Grinberg

Date: February 24, 2014



Encore Introduces New Board Chair and Directors, Announces Senior Executive Promotions

New Appointments Position Company for Continued Growth

SAN DIEGO – February 24, 2014 – Encore Capital Group, Inc. (Nasdaq: ECPG), an international specialty finance company, announced today the appointment of Willem Mesdag as non-executive board chairman of the board and Laura Olle and Richard Srednicki as new directors. Additionally, the company announced the promotion of Ashish Masih, Jim Syran and Manu Rikhye to Executive Vice President positions.

Mesdag will succeed George Lund, who has served as executive chairman since July 2009 and as a director since 2007.

Lund said, “To watch the trajectory of this company over the years has been truly impressive, and I’m proud to have been a part of it. However, the most rewarding part of my Encore board tenure has been the talented team of people with whom I’ve had the chance to work. Because of their strengths, I am confident that Encore will continue to be an industry leader. One of those great people is Will, who started with me as a director seven years ago, and in whose very capable hands I expect the board to thrive.”

Mesdag also joined Encore’s board in 2007. He is the Managing Partner of Red Mountain Capital Partners LLC, an investment advisor. He is also a director of Destination XL, Inc., and Nature’s Sunshine Products, Inc. Before establishing Red Mountain, Mesdag was a partner of Goldman, Sachs & Co. He holds a bachelor’s degree from Northwestern University and a JD from Cornell Law School.

“I’m honored to have this opportunity to lead the Encore board,” said Mesdag. “Ken and the management team have put forward a strong vision for where this company is headed, and I’m excited to work with them to bring about its fullest potential.”

Encore President and Chief Executive Officer Ken Vecchione added, “George has been a tremendous asset to our company, and he has helped guide Encore through incredible periods of growth and expansion. We’re very grateful for his service on the board. As we look ahead, Will is well positioned to help us navigate the tremendous changes that our industry is undergoing and identify opportunities to continue delivering great value to our shareholders.”

Encore is also welcoming two new directors. Laura Olle joins Encore’s board having recently retired from Capital One, where she served as chief enterprise risk officer. She joined Capital One in 1999 as senior vice president of Information Technology Systems Development. Prior to Capital One, Olle served as senior vice president of Information Systems and Services for nine years at Freddie Mac. She has also held key IT positions at the Marriott Corporation and worked as a management consultant at Arthur Young and Company. Olle graduated with honors from the State University of New York at Stony Brook with a bachelor’s degree in Psychology. She received her MBA from the University of Nebraska and completed the Stanford University Executive Program.

Richard Srednicki also joins Encore's board, having retired from JPMorgan Chase & Co. following seven years as chief executive officer of Chase Card Services and a member of the JPMorgan Chase Operating and Executive Committees. Prior to Chase Card Services, Srednicki was president of the Home Services Division at Sears Roebuck & Co., president of AT&T Universal Card Services, general manager of Citibank Germany, general manager of Citibank Card Services USA and a senior product manager at Colgate Palmolive Company. Until recently, he was a director of the Alliance Bank of Arizona and the Affinion Group of Stamford, CT. Srednicki is a graduate of the Kellogg School of Business at Northwestern University and Ripon College. He also served in the U.S. Army as First Lieutenant Platoon Leader and Company Executive Officer.

"We're thrilled to have Laura and Richard lend their considerable financial services expertise to our board," said Mesdag. "They offer unique perspectives as we continue to improve many aspects of our business ranging from its technology platform to critical relationships with issuers."

Additionally, Encore is aligning three key operations areas to achieve its future growth strategy. That strategy includes growing the U.S. debt purchasing business and subsidiaries, expanding into new geographies, and diversifying into new asset classes. Specifically, Ashish Masih is promoted to Executive Vice President of U.S. Debt Purchasing and Operations. This includes global responsibilities for internal call center operations, analytics, legal collections, marketing, and Asset Acceptance operations. Jim Syran is promoted to Executive Vice President of New Business Integration. In this capacity, he will be responsible for the integration of international and U.S. new businesses. Manu Rikhye is promoted to Executive Vice President of Encore India. In this role, Rikhye will oversee India's servicing (both Encore and Cabot), corporate development, strategic alliances, and India debt purchasing, scheduled to launch at the end of 2014. All of these individuals report directly to Ken Vecchione.

"We are fortunate to have top talent within the company to provide the necessary leadership as we grow and evolve," said Vecchione. "Each of these individuals has the proven scope, depth, and tenacity to lead these endeavors and I'm excited about what they can accomplish."

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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.

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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