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): March 31, 2016

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.)

92108 (Zip Code)

3111 Camino Del Rio North, Suite 103, San Diego, California (Address of Principal Executive Offices)

(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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

On March 31, 2016, Encore Capital Group, Inc. (the "Company") completed its previously announced divestiture of its membership interests in Propel Acquisition LLC ("Propel") pursuant to the Securities Purchase Agreement (the "Purchase Agreement"), dated February 19, 2016, among the Company and certain funds affiliated with Prophet Capital Asset Management LP ("Buyer"). Pursuant to the Purchase Agreement, the application of the purchase price formula resulted in cash consideration paid to the Company at closing of \$144.4 million, subject to customary post-closing adjustments. After an expected tax benefit, net proceeds from the transaction are expected to be in excess of \$150 million.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Purchase Agreement, a copy of which is filed as Exhibit 2.4 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2016 and which is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information

The unaudited pro forma condensed consolidated financial information required by Item 9.01(b) of Form 8-K is included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference.

(d) Exhibits

<u>Exhibit Number</u>	Description
2.4	Securities Purchase Agreement, dated February 19, 2016, by and among Encore Capital Group, Inc. and certain funds affiliated with Prophet Capital Asset Management LP (incorporated by reference to Exhibit 2.4 to the Company's Annual Report on Form 10-K filed on February 24, 2016)
99.1	Encore Capital Group, Inc. Unaudited Pro Forma Condensed Consolidated Financial Information
99.2	Unaudited Pro Forma Non-GAAP Measures

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.

Date: April 6, 2016

ENCORE CAPITAL GROUP, INC.

<u>/s/ Jonathan Clark</u> Jonathan Clark Executive Vice President, Chief Financial Officer and Treasurer

Unaudited Pro Forma Condensed Consolidated Financial Information

The following unaudited pro forma condensed consolidated financial statements are based on the historical consolidated financial statements of Encore Capital Group, Inc. (the "Company") and are adjusted to give effect to the divestiture of Propel Acquisition LLC ("Propel") on March 31, 2016. The unaudited pro forma condensed consolidated statement of financial condition as of December 31, 2015 gives effect to the divestiture of Propel as if it had occurred on December 31, 2015. The unaudited pro forma condensed consolidated statements of income for the years ended December 31, 2015, 2014 and 2013 give effect to the divestiture of Propel as if it had occurred on January 1, 2013. The pro forma condensed consolidated financial statements do not necessarily reflect what the consolidated company's financial condition or results of operations would have been had the divestiture occurred on the dates indicated. They also may not be useful in predicting the Company's future financial condition and results of operations. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. Beginning in the first quarter of fiscal 2016, the historical financial results of the Propel tax lien business for periods prior to the divestiture will be reflected in the Company's consolidated financial statements as discontinued operations.

The unaudited pro forma consolidated financial statements should be read in conjunction with the historical consolidated financial statements and notes thereto in the Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

ENCORE CAPITAL GROUP, INC.

Unaudited Pro Forma Condensed Consolidated Statement of Financial Condition as of December 31, 2015

(In Thousands)

	Hist	orical Financial Statement	Pro Forma Adjustments		Pro	Forma Financial Statement
Assets						
Cash and cash equivalents	\$	153,593	\$ 113,157	(a)	\$	266,750
Investment in receivable portfolios, net		2,440,669	—			2,440,669
Receivables secured by property tax liens, net		306,380	(306,380)	(b)		—
Property and equipment, net		73,504	(958)	(b)		72,546
Deferred court costs, net		75,239	—			75,239
Other assets		245,620	(41,530)	(b)		204,090
Goodwill		924,847	—			924,847
Total assets	\$	4,219,852	\$ (235,711)		\$	3,984,141
Liabilities and equity						
Liabilities:						
Accounts payable and accrued liabilities	\$	294,243	\$ (3,599)	(c)	\$	290,644
Debt		3,216,572	(230,854)	(b)		2,985,718
Other liabilities		60,549	(1,323)	(b)		59,226
Total liabilities		3,571,364	(235,776)			3,335,588
Commitments and contingencies						
Redeemable noncontrolling interest		38,624	_			38,624
Redeemable equity component of convertible senior notes		6,126				6,126
Equity:						
Convertible preferred stock		_	_			_
Common stock		253	_			253
Additional paid-in capital		110,533	—			110,533
Accumulated earnings		543,489	65	(d)		543,554
Accumulated other comprehensive loss		(57,822)	—			(57,822)
Total Encore Capital Group, Inc. stockholders' equity		596,453	65			596,518
Noncontrolling interest		7,285				7,285
Total equity		603,738	 65			603,803
Total liabilities, redeemable equity and equity	\$	4,219,852	\$ (235,711)		\$	3,984,141

ENCORE CAPITAL GROUP, INC.

Unaudited Pro Forma Condensed Consolidated Statement of Income For The Year Ended December 31, 2015

(In Thousands, Except Per Share Amounts)

	Hist	orical Financial Statement	Pro Forma justments (e)	Pro Forma Financial Statement				
Revenues								
Revenue from receivable portfolios, net	\$	1,072,436	\$ 	\$	1,072,436			
Other revenues		60,696	(3,165)		57,531			
Net interest income		28,440	 (28,440)		_			
Total revenues		1,161,572	 (31,605)		1,129,967			
Operating expenses								
Salaries and employee benefits		270,334	(8,053)		262,281			
Cost of legal collections		229,847			229,847			
Other operating expenses		98,182	(4,972)		93,210			
Collection agency commissions		37,858	_		37,858			
General and administrative expenses		196,827	(5,470)		191,357			
Depreciation and amortization		33,945	(785)		33,160			
Goodwill impairment		49,277	(49,277)		—			
Total operating expenses		916,270	 (68,557)		847,713			
Income from operations		245,302	 36,952		282,254			
Other (expense) income								
Interest expense		(186,556)	_		(186,556)			
Other income		2,235	_		2,235			
Total other expense		(184,321)	 _		(184,321)			
Income before income taxes		60,981	 36,952		97,933			
Provision for income taxes		(13,597)	(13,565)		(27,162)			
Net income		47,384	 23,387		70,771			
Net income attributable to noncontrolling interest		(2,249)	_		(2,249)			
Net income attributable to Encore Capital Group, Inc. stockholders	\$	45,135	\$ 23,387	\$	68,522			
Earnings per share attributable to Encore Capital Group, Inc.:								
Basic	\$	1.75	\$ 0.91	\$	2.66			
Diluted	\$	1.69	\$ 0.88	\$	2.57			
Weighted average shares outstanding:								
Basic		25,722	25,722		25,722			
Diluted		26,647	26,647		26,647			

ENCORE CAPITAL GROUP, INC.

Unaudited Pro Forma Condensed Consolidated Statement of Income For The Year Ended December 31, 2014

(In Thousands, Except Per Share Amounts)

Revenue from receivable portfolios, net \$ 992,832 \$ - \$ 992,832 Other revenues 51,988 (1.301) 50.597 Net interest income 27,969 (27,969) (27,969) (27,969) Total revenues 207,2789 (27,960) 1.045,429 Operating expenses 246,247 (7,305) 238,942 Cost of legal collections 205,661 - - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,343 - 33,843 - 33,843 - 33,843 - 33,843 - 33,843 - 130,977 10,973 141,642 - 166,6429 - 166,6429 - 1133 - 113		Hist	orical Financial Statement		Pro Forma justments (e)	Pro Forma Financial Statement			
Other revenues 51.888 (1.39) 50.597 Net interest income 27.669 (27.669) (27.669) (27.678) (29.500) 1.04.74.29 Operating expenses 205.778 (29.500) 1.04.72.78 (29.500) 1.04.72.78 Statist and employee benefits 26.62.47 (7.305) 23.849 Collection agency commissions 33.343	Revenues								
Net interest income 27,969 (27,969) (27,969) Total revenues 1,172,789 (23,300) (1,043,429) Salaries and employee benefits 246,247 (7,305) 238,942 Cost of legal collections 205,661 — 280,842 Cost of legal collections 33,843 — 33,343 Collection agency commissions 33,343 — 33,343 General and administrative expenses 146,286 (6,309) 127,919 Depreciation and anorization 27,949 (40,972) 73,458 Income from operations 733,345 (118,387) 73,4585 Income from operations 113 — 113 Other (appense) income — (166,629) — (166,942) Income before income taxes (166,529) — (166,529) — (166,529) Income for continuing operations, net of tax (1,612) — (1,612) — (1,612) Income for continuing operations, net of tax (1,612) — (1,612) — (1,6	Revenue from receivable portfolios, net	\$	992,832	\$	—	\$	992,832		
Total revenues 1.072.78 2.93.800 1.043,429 Salaries and employee benefits 246.247 (7.305) 228.942 Cast of legal collections 205.661 — 205.661 0 33.343 0 33.343 0 33.433 0 33.043 100.071 103.077 104.6206 0.63.077 73.4580 106.6942) - 0 166.6299 - 0 166.6299 - 0 166.6299 - 0 166.6217 93.073 141.642.66	Other revenues		51,988		(1,391)		50,597		
Operating expenses 246,247 (7,30) 236,942 Salaries and employee benefits 246,247 (7,30) 236,942 Cost of legal collections 205,661 — 205,661 Other operating expenses 33,343 — 33,934 Collection agency commissions 33,343 — 33,947 Depreciation and amorization 27,949 (844) 27,101 Total operating expenses 146,226 (6,309) 73,4353 Income from operations 733,343 — 93,8471 Other (expense) income 113 — (166,942) — (166,829) Income from operations 113 — 113 — (166,829) — (166,829) Income before income taxes 152,615 (10,073) 141,642 (48,560) Income before income taxes 152,615 (16,617) 93,073 Loss from discontinued operations, net of tax (1,612) — (1,612) Income before income taxes 152,615 (16,817) 91,461 <t< td=""><td>Net interest income</td><td></td><td>27,969</td><td></td><td>(27,969)</td><td></td><td>_</td></t<>	Net interest income		27,969		(27,969)		_		
Salaries and employee benefits 246,247 (7,305) 238,942 Cost of legal collections 205,661 — 205,661 Other operating expenses 93,859 (63,925) 98,934 Collection agency commissions 33,343 — 33,343 General and administrative expenses 146,268 (63,09) 113,977 Depreciation and amoritazion 27,949 (848) 27,101 Total operating expenses 753,345 (16,377) 734,938 Income from operations 319,444 (10,973) 308,471 Other (expense) income 113 — (166,842) Interest expense (166,842) — (166,842) Income before income taxes 152,615 (10,973) 134,144 Provision for income taxes (152,725) 4,156 (48,569) Income form continuing operations, net of tax (1,612) — (1,612) Net income 98,298 (6,817) 99,499 Net income taxes 10,5338 \$ (6,817) 91,461 Net income attributable to Encore Capital Group, Inc.: 10,5338 <	Total revenues		1,072,789		(29,360)		1,043,429		
Cost of legal collections 205,661 — 205,661 Other operating expenses 93,839 (6,309) 33,343 — 33,343 Ceneral and administrative expenses 146,286 (6,309) 133,977 Depreciation and anontization 27,949 (848) 27,101 Total operating expenses 753,345 (18,867) 733,958 Income from operations 319,444 (10,973) 308,471 Other (expense) income — (166,942) — (166,942) Other income — 113 — 113 Total other expense (166,829) — (166,829) Income before income taxes 152,615 (10,973) 141,642 Provision for income taxes (52,755) 4,156 (48,600) Income before income taxes (52,755) 4,156 (48,600) Income taxe stributable to noncontrolling interest \$103,726 \$0,6817) 99,890 Net income attributable to Encore Capital Group, Inc.: stockholders \$103,726 \$0,6817) \$9,8690 Amounts at	Operating expenses								
Other operating expenses 93,859 (3,925) 89,934 Collection agency commissions 33,343 — 33,343 General and administrative expenses 146,286 (6,309) 139,947 Depreciation and administrative expenses 753,345 (110,387) 734,958 Income from operations 319,444 (10,973) 308,471 Other (expense) income 113 — (166,942) Other income 113 — (166,942) Other expense (166,842) — (166,942) Income before income taxes (52,75) (10,973) 141,642 Provision for income taxes (52,75) (10,973) 141,642 Provision for income taxes (52,75) (10,973) 141,642 Net income attributable to noncontolling interest (54,817) 98,993 (6,817) Net income attributable to Encore Capital Group, Inc. stockholders § 103,726 § (6,817) \$ 98,999 Amounts attributable to Encore Capital Group, Inc. stockholders § 103,726 § (6,817) \$ 98,999 Net income <td>Salaries and employee benefits</td> <td></td> <td>246,247</td> <td></td> <td>(7,305)</td> <td></td> <td>238,942</td>	Salaries and employee benefits		246,247		(7,305)		238,942		
Collection agency commissions 33,343 — 33,343 General and administrative expenses 146,286 (6,309) 139,977 Depreciation and amonization 27,949 (648) 27,101 Total operating expenses 753,343 (166,942) 734,958 Income from operations 113 — (166,942) — (166,942) Other (expense) income 113 — (166,829) — (166,829) Interest expense (166,829) — (166,829) — (166,829) Income before income taxes 152,615 (10,973) 141,642 (166,829) Income form continuing operations 99,800 (6,817) 93,073 (166,829) Income from continuing operations, et of tax (1,12) — (1,612) Net income tats (1,612) — (1,612) Net income attributable to noncontrolling interest 5,448 — 5,448 Net income from continuing operations, net of tax (1,612) — (1,612) Income from continuing operations, net o	Cost of legal collections		205,661		_		205,661		
General and administrative expenses 146,286 (6,309) 139,977 Depreciation and amortization 27,949 (648) 27,1419 Total operations 319,444 (109,73) 308,471 Other (expense) income 319,444 (109,73) 308,471 Other (expense) income 113 — (166,942) Other income (166,942) — (166,842) Other income taxes (166,842) — (166,842) Income before income taxes (166,842) — (166,842) Income taxes (166,829) — (166,829) Income taxes (162,725) 4,155 (445,699) Income from continuing operations, net of tax (1,612) — (1,612) Net income 98,278 (6,817) 99,690 (6,817) Net income attributable to Encore Capital Group, Inc. 5 103,726 \$ (6,817) Net income attributable to Encore Capital Group, Inc. 101,612 — (1,612) — Net income attributable to Encore Capital Group, Inc.	Other operating expenses		93,859		(3,925)		89,934		
Depreciation and amortization 27,949 (0.848) 27,101 Total operating expenses 753,345 (10,373) 734,953 Income from operations 319,444 (10,973) 308,471 Other (expense) income 113 (166,942) Other income 113 (166,942) Other income 113 (166,829) Total other expense (166,829) (166,829) Income before income taxes (52,725) 4,156 (48,569) Income from continuing operations, net of tax (1612) (1612) Net income 98,278 (6,817) 99,6931 Net income attributable to nencortcolling interest \$448 5,448 Net income attributable to Encore Capital Group, Inc. \$103,726 \$ (6,817) \$ 96,591 Amounts attributable to Encore Capital Group, Inc. \$ 103,726 \$ (6,817) \$ 96,599 Earnings pre share attributable to Encore Capital Group, Inc. \$ 103,726 \$ (6,817) \$ 96,599 Earnings (loss) per share from:	Collection agency commissions		33,343		—		33,343		
Total operating expenses 753,345 (18,387) 734,958 Income from operations 319,444 (10,973) 308,471 Other (expense) income 113 — (166,942) — (166,942) Other income 113 — 113 — 113 Total other expense (166,829) — (166,829) [16,6829) P (166,829) Income before income taxes 152,615 (10,973) 141,642 [46,829) [16,6829] [16,6829] [16,6829] [16,6829] [16,6829] [16,6829] [16,6829] [16,6829] [16,6829] [16,6829] [16,612] [16,612] [16,612] [16,612] [16,612] [16,612] [16,612] [16,612] [16,612] [16,612] [16,612] <td>General and administrative expenses</td> <td></td> <td>146,286</td> <td></td> <td>(6,309)</td> <td></td> <td>139,977</td>	General and administrative expenses		146,286		(6,309)		139,977		
Income from operations 319,444 (10,973) 308,471 Other (expense) income	Depreciation and amortization		27,949		(848)		27,101		
Other (expense) income (166,942) (166,942) Interest expense (166,942) (166,942) Other income 113 113 Total other expense (166,829) (166,829) Income before income taxes 152,615 (10,973) 141,642 Provision for income taxes (52,725) 4,156 (48,569) Income from continuing operations 99,890 (6,817) 99,3073 Loss from discontinued operations, net of tax (1,612) (1,612) Net income 98,278 (6,817) \$ 96,909 Amounts attributable to noncontrolling interest \$ 103,726 \$ (6,817) \$ 96,909 Amounts attributable to Encore Capital Group, Inc.: - - - - Income from continuing operations, net of tax (1,612) - - - Loss from discontinued operations, net of tax (1,612) - - - - - - - - - - - <t< td=""><td>Total operating expenses</td><td></td><td>753,345</td><td></td><td>(18,387)</td><td></td><td>734,958</td></t<>	Total operating expenses		753,345		(18,387)		734,958		
Interest expense (166,942) (166,942) Other income 113 113 Total other expense (166,829) (166,829) Income before income taxes (152,615 (10,973) 141,642 Provision for income taxes (52,725) 4,155 (44,569) Income from continuing operations, net of tax (1,612) (1,612) Net income 98,278 (6,817) 93,073 Net income attributable to noncontrolling interest 5 103,726 5 (6,817) 94,521 Income from continuing operations, net of tax (1,612) 54,488 5,448 5,448 9,69,99 Amounts attributable to Encore Capital Group, Inc. \$ 103,726 \$ (6,817) \$ 98,521 Loss from discontinued operations, net of tax (1,612) (1,612) (1,612) Net income \$ 103,726 \$ (6,817) \$ 98,521 Loss from discontinued operations, net of	Income from operations		319,444		(10,973)		308,471		
Other income 113 — 113 Total other expense (166,829) — (166,829) Income before income taxes (152,615 (10,973) (146,629) Provision for income taxes (52,725) (4,156 (448,569) Income form continuing operations, net of tax (1612) — (1612) Net income 98,278 (6,817) (91,461) Net loss attributable to noncontrolling interest 5103,726 (6,817) (94,528) Anomet attributable to Encore Capital Group, Inc. stockholders (1612) — (1612) Net income form continuing operations, net of tax (1612) — (1612) Anomet attributable to Encore Capital Group, Inc. (1612) — (1612) Income from continuing operations, net of tax (1612) — (1612) Net income \$ 103,726 \$ (6,817) \$ 98,521 Loss from discontinued operations, net of tax (1,612) — (1,612) — (1,612) Souti income \$ 103,726 \$	Other (expense) income								
Total other expense (166,829) — (166,829) Income before income taxes (52,725) (110,973) 141,642 Provision for income taxes (52,725) (4,156) (48,569) Income from continuing operations 99,890 (6,617) 93,073 Loss from discontinued operations, net of tax (1,612) — (1,612) Net income 99,278 (6,6817) 91,461 Net loss attributable to noncontrolling interest 5,448 — 5,448 Net income from continuing operations, net of tax (1,612) — (1,612) Net income from continuing operations, net of tax (1,612) — (1,612) Income from continuing operations, net of tax (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ Income from continuing operations, net of tax (1,612) — (1,612) Net income \$ 103,726 \$ (0,817) \$ Income from continuing operations, net of tax 1 1 \$ 0,026) </td <td>Interest expense</td> <td></td> <td>(166,942)</td> <td></td> <td></td> <td></td> <td>(166,942)</td>	Interest expense		(166,942)				(166,942)		
Income before income taxes 152,615 (10,973) 141,642 Provision for income taxes (52,725) 4,156 (48,569) Income from continuing operations 99,890 (6,817) 93,073 Loss from discontinued operations, net of tax (1,612) — (1,612) Net income 98,278 (6,817) 91,461 Net loss attributable to noncontrolling interest 5,448 — 5,448 Net income attributable to Encore Capital Group, Inc. stockholders \$ 103,726 \$ (6,817) 96,909 Amounts attributable to Encore Capital Group, Inc.: — (1,612) — (1,612) Income from continuing operations, net of tax (1,612) — (1,612) — (1,612) Income from continuing operations, net of tax (1,612) — (1,612) — (1,612) Net income \$ 103,726 \$ (0,617) \$ 96,909	Other income		113				113		
Provision for income taxes (52,725) 4,156 (48,569) Income from continuing operations, net of tax (1,612) — (1,612) Net income 98,278 (6,817) 91,461 Net loss attributable to noncontrolling interest 5,448 — 5,448 Net loss attributable to Encore Capital Group, Inc. stockholders \$ 103,726 \$ (6,817) \$ 96,909 Amounts attributable to Encore Capital Group, Inc.: Income from continuing operations, net of tax (1,612) — (1,612) Income from continuing operations, net of tax (1,612) — (1,612) — (1,612) Amounts attributable to Encore Capital Group, Inc.: Income from continuing operations, net of tax (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 98,521 Loss from discontinued operations, net of tax (1,612) — (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 98,521 Loss from discontinued operations \$ 10,3726 \$ (0,61) \$ 3,81	Total other expense		(166,829)		—		(166,829)		
Income from continuing operations 99,890 (6,817) 93,073 Loss from discontinued operations, net of tax (1,612) — (1,612) Net income 98,278 (6,817) 91,461 Net loss attributable to noncontrolling interest 5,448 — 5,448 Net income attributable to Encore Capital Group, Inc. stockholders \$ 103,726 \$ (6,817) \$ 96,909 Amounts attributable to Encore Capital Group, Inc.: Income from continuing operations \$ 105,338 \$ (6,817) \$ 98,909 Loss from discontinued operations, net of tax (1,612) — (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 98,909 Earnings per share attributable to Encore Capital Group, Inc.:	Income before income taxes		152,615		(10,973)		141,642		
Loss from discontinued operations, net of tax (1,612) — (1,612) Net income 98,278 (6,817) 91,461 Net loss attributable to noncontrolling interest 5,448 — 5,448 Net income attributable to Encore Capital Group, Inc. stockholders \$ 103,726 \$ (6,817) \$ 96,909 Amounts attributable to Encore Capital Group, Inc. * * * * Income from continuing operations, net of tax (1,612) — (1,612) * (1,612) Net income \$ 105,338 \$ (6,817) \$ 98,521 * * 96,909 Amounts attributable to Encore Capital Group, Inc.: (1,612) — (1,612) * (1,612) Net income \$ 103,726 \$ (0,6817) \$ 98,521 * * 96,909 Earnings per share attributable to Encore Capital Group, Inc.: * * * * 96,909 Earnings (loss) per share from: * * * * 96,909 Earnings (loss) per share from: * * * * * 3.81 Discontinued operations \$ 4,017	Provision for income taxes		(52,725)		4,156		(48,569)		
Net income 98,278 (6,817) 91,461 Net loss attributable to noncontrolling interest 5,448 — 5,448 Net income attributable to Encore Capital Group, Inc. stockholders \$ 103,726 \$ (6,817) \$ 96,909 Amounts attributable to Encore Capital Group, Inc.: Income from continuing operations, net of tax (1,612) — (1,612) Income \$ 103,726 \$ (6,817) \$ 98,521 Loss from discontinued operations, net of tax (1,612) — (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 96,909 Earnings per share attributable to Encore Capital Group, Inc.:	Income from continuing operations		99,890		(6,817)		93,073		
Net loss attributable to noncontrolling interest 5,448 — 5,448 Net income attributable to Encore Capital Group, Inc.: stockholders \$ 103,726 \$ (6,817) \$ 96,909 Amounts attributable to Encore Capital Group, Inc.: 98,521 Income from continuing operations, net of tax (1,612) — (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 98,521 Loss from discontinued operations, net of tax (1,612) — (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 96,909 Earnings per share attributable to Encore Capital Group, Inc.: (1,612) — (1,612) Basic earnings (loss) per share from: (0,6817) \$ 96,909 Discontinued operations \$ 4.07 \$ (0,26) \$ 3.81 Discontinued operations \$ 0.0.06 \$ — \$ (0,06) <	Loss from discontinued operations, net of tax		(1,612)				(1,612)		
Net income attributable to Encore Capital Group, Inc.: \$ 103,726 \$ (6,817) \$ 96,909 Amounts attributable to Encore Capital Group, Inc.: - - (1,612) - (1,612) Income from discontinued operations, net of tax (1,612) - (1,612) - (1,612) Net income \$ 103,726 \$ (6,817) \$ 96,909 96,909 Earnings per share attributable to Encore Capital Group, Inc.: \$ (1,612) - (1,612) Basic earnings (loss) per share from: - \$ (0,6817) \$ 96,909 Continuing operations \$ (0,6817) \$ 96,909 Basic - (1,612) - (1,612) Continuing operations \$ (0,6817) \$ 96,909 \$ 96,909 Basic - \$ (0,6817) \$ 96,909 Basic - \$ (0,61) \$ 96,909 Continuing operations \$ 4,07 \$ (0,26) \$ 3,81 Discontinued operations \$ (0,06) \$ - \$ (0,06) Basic \$ 3,03 \$ (0,25) \$ 3,58 Discontinued operations \$ (0,06) \$ - \$ (0,06)	Net income		98,278		(6,817)		91,461		
Amounts attributable to Encore Capital Group, Inc.: Income S 105,338 S (6,817) S 98,521 Loss from discontinued operations, net of tax (1,612) — (1,612) — (1,612) — (1,612) — (1,612) S (0,6817) S 96,909 Earnings per share attributable to Encore Capital Group, Inc.: S 103,726 S (6,817) S 96,909 Earnings per share attributable to Encore Capital Group, Inc.: S 103,726 S (6,817) S 96,909 Earnings per share attributable to Encore Capital Group, Inc.: S 103,726 S (6,817) S 96,909 Earnings per share attributable to Encore Capital Group, Inc.: S 103,726 S (6,817) S 96,909 Basic earnings (loss) per share from: S 4.07 S (0,026) S 3.81 Discontinued operations S 3.83 S (0,25) S 3.58 Discontinued operations S 3.006 S —<	Net loss attributable to noncontrolling interest		5,448	-	_	-	5,448		
Income from continuing operations, net of tax \$ 105,338 \$ (6,817) \$ 98,521 Loss from discontinued operations, net of tax 1(,612)	Net income attributable to Encore Capital Group, Inc. stockholders	\$	103,726	\$	(6,817)	\$	96,909		
Loss from discontinued operations, net of tax (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 96,909 Earnings per share attributable to Encore Capital Group, Inc.: Basic earnings (loss) per share from: - 5 (0,26) \$ 3.81 Discontinued operations \$ 4.07 \$ (0,26) \$ 3.81 Discontinued operations \$ (0,06) \$ - \$ (0,06) Basic \$ 4.01 \$ (0,26) \$ 3.81 Discontinued operations \$ 4.01 \$ (0,26) \$ 3.81 Diluted earnings (loss) per share from: - \$ (0,06) \$ 3.75 Diluted operations \$ 3.83 \$ (0,25) \$ 3.58 Discontinued operations \$ 3.83 \$ 0.25) \$ 3.58 Discontinued operations \$ 3.77 \$ 0.025) \$ 3.52 Weighted average shares outstanding: - \$ \$ \$ 3.52 </td <td>Amounts attributable to Encore Capital Group, Inc.:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Amounts attributable to Encore Capital Group, Inc.:								
Loss from discontinued operations, net of tax (1,612) — (1,612) Net income \$ 103,726 \$ (6,817) \$ 96,909 Earnings per share attributable to Encore Capital Group, Inc.: Basic earnings (loss) per share from: - 5 (0,26) \$ 3.81 Discontinued operations \$ 4.07 \$ (0,26) \$ 3.81 Discontinued operations \$ (0,06) \$ - \$ (0,06) Basic \$ 4.01 \$ (0,26) \$ 3.81 Discontinued operations \$ 4.01 \$ (0,26) \$ 3.81 Diluted earnings (loss) per share from: - \$ (0,06) \$ 3.75 Diluted operations \$ 3.83 \$ (0,25) \$ 3.58 Discontinued operations \$ 3.83 \$ 0.25) \$ 3.58 Discontinued operations \$ 3.77 \$ 0.025) \$ 3.52 Weighted average shares outstanding: - \$ \$ \$ 3.52 </td <td>Income from continuing operations</td> <td>\$</td> <td>105,338</td> <td>\$</td> <td>(6,817)</td> <td>\$</td> <td>98,521</td>	Income from continuing operations	\$	105,338	\$	(6,817)	\$	98,521		
Net income \$ 103,726 \$ (6,817) \$ 96,909 Earnings per share attributable to Encore Capital Group, Inc.: Easic earnings (loss) per share from: Image: Continuing operations \$ 4.07 \$ (0.26) \$ 3.81 Discontinued operations \$ 0.060 \$					_				
Basic earnings (loss) per share from: \$ 4.07 \$ (0.26) \$ 3.81 Discontinued operations \$ (0.06) \$	Net income	\$		\$	(6,817)	\$			
Continuing operations \$ 4.07 \$ (0.26) \$ 3.81 Discontinued operations \$ (0.06) \$ - \$ (0.06) Basic \$ (0.06) \$ - \$ (0.06) Basic \$ 4.01 \$ (0.26) \$ 3.75 Diluted earnings (loss) per share from: - \$ (0.26) \$ 3.75 Discontinued operations \$ 3.83 \$ (0.25) \$ 3.58 Discontinued operations \$ (0.06) \$ - \$ (0.06) Discontinued operations \$ (0.06) \$ - \$ (0.06) Diluted \$ 3.77 \$ (0.25) \$ 3.52 Weighted average shares outstanding: - \$ \$ 3.52 25,853 25,853	Earnings per share attributable to Encore Capital Group, Inc.:								
Discontinued operations \$ (0.06) \$	Basic earnings (loss) per share from:								
Basic \$ 4.01 \$ (0.26) \$ 3.75 Diluted earnings (loss) per share from:	Continuing operations	\$	4.07	\$	(0.26)	\$	3.81		
Diluted earnings (loss) per share from: Image: continuing operations \$ 3.83 \$ (0.25) \$ 3.58 Discontinued operations \$ (0.06) \$ (0.25) \$ 3.58 Discontinued operations \$ (0.06) \$ (0.25) \$ (0.06) Diluted \$ 3.77 \$ (0.25) \$ (0.06) Diluted \$ 3.77 \$ (0.25) \$ 3.52 Weighted average shares outstanding: Image: continuent operations 25,853 25,853	Discontinued operations	\$	(0.06)	\$		\$	(0.06)		
Continuing operations \$ 3.83 \$ (0.25) \$ 3.58 Discontinued operations \$ (0.06) \$	Basic	\$	4.01	\$	(0.26)	\$	3.75		
Discontinued operations \$ (0.06) \$ \$ (0.06) \$ Diluted \$ 3.77 \$ (0.25) \$ 3.52 Weighted average shares outstanding: Basic 25,853 25,853 25,853 25,853	Diluted earnings (loss) per share from:								
Discontinued operations \$ (0.06) \$ \$ (0.06) \$ Diluted \$ 3.77 \$ (0.25) \$ 3.52 Weighted average shares outstanding: Basic 25,853 25,853 25,853 25,853	Continuing operations	\$	3.83	\$	(0.25)	\$	3.58		
Diluted \$ 3.77 \$ (0.25) \$ 3.52 Weighted average shares outstanding: 3.52 3.52 Basic 25,853 25,853 25,853									
Basic 25,853 25,853 25,853					(0.25)		3.52		
Basic 25,853 25,853 25,853	Weighted average shares outstanding:								
			25,853		25,853		25,853		
	Diluted		27,495		27,495		27,495		

ENCORE CAPITAL GROUP, INC.

Unaudited Pro Forma Condensed Consolidated Statement of Income For The Year Ended December 31, 2013

(In Thousands, Except Per Share Amounts)

		rical Financial Statement		o Forma stments (e)	Pro Forma Financial Statement			
Revenues								
Revenue from receivable portfolios, net	\$	744,870	\$	—	\$	744,870		
Other revenues		12,588		(1,181)		11,407		
Net interest income		15,906		(15,906)		—		
Total revenues		773,364		(17,087)		756,277		
Operating expenses								
Salaries and employee benefits		165,040		(5,721)		159,319		
Cost of legal collections		186,959		—		186,959		
Other operating expenses		66,649		(3,420)		63,229		
Collection agency commissions		33,097		—		33,097		
General and administrative expenses		109,713		(2,900)		106,813		
Depreciation and amortization		13,547		(490)		13,057		
Total operating expenses		575,005		(12,531)		562,474		
Income from operations		198,359		(4,556)		193,803		
Other (expense) income								
Interest expense		(73,269)				(73,269)		
Other expense		(4,222)		(3)		(4,225)		
Total other expense		(77,491)	-	(3)	-	(77,494)		
Income before income taxes		120,868		(4,559)	-	116,309		
Provision for income taxes		(45,388)		1,735		(43,653)		
Income from continuing operations		75,480		(2,824)		72,656		
Loss from discontinued operations, net of tax		(1,740)				(1,740)		
Net income		73,740		(2,824)		70,916		
Net loss attributable to noncontrolling interest		1,559			·	1,559		
Net income attributable to Encore Capital Group, Inc. stockholders	\$	75,299	\$	(2,824)	\$	72,475		
Amounts attributable to Encore Capital Group, Inc.:								
Income from continuing operations	\$	77,039	\$	(2,824)	\$	74,215		
Loss from discontinued operations, net of tax	-	(1,740)	+	(_,=)	Ŧ	(1,740)		
Net income	\$	75,299	\$	(2,824)	\$	72,475		
	Ψ	, 0,200	ф 	(2,021)	Ψ	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Earnings per share attributable to Encore Capital Group, Inc.:								
Basic earnings (loss) per share from:								
Continuing operations	\$	3.12	\$	(0.11)	\$	3.01		
Discontinued operations	\$	(0.07)	\$		\$	(0.07)		
Basic	\$	3.05	\$	(0.11)	\$	2.94		
Diluted earnings (loss) per share from:								
Continuing operations	\$	2.94	\$	(0.11)	\$	2.83		
Discontinued operations	\$	(0.07)	\$		\$	(0.06)		
Diluted	\$	2.87	\$	(0.11)	\$	2.77		
Weighted average shares outstanding:								
Basic		24,659		24,659		24,659		
Diluted		26,204		26,204		26,204		

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed consolidated financial information:

Adjustments to the pro forma condensed consolidated statement of financial condition

(a) Represents net cash received on sale less cash held at Propel which will transfer to buyer. The Company expects to use the proceeds to pay down the revolving credit facility and for general corporate purposes.

(b) Reflects the elimination of Propel's historical assets and liabilities.

(c) Reflects the elimination of Propel's historical accounts payable and accrued liabilities and adjustment for income taxes payable related to gain on sale.

(d) Represents the estimated gain on sale of Propel, less estimated income taxes payable. The actual gain to be recognized will be adjusted by the actual closing adjustments and actual transaction fees incurred. This estimated gain has not been reflected in the pro forma consolidated statement of income as it is considered to be nonrecurring in nature. No adjustment has been made to the sale proceeds to give effect to any potential post-closing adjustments under the terms of the purchase agreement.

Adjustments to the pro forma condensed consolidated statements of income

(e) Represents the elimination of Propel's historical operating results for the periods presented. The anticipated nonrecurring after-tax gain on the sale is not reflected in the pro forma condensed consolidated statements of income.

Unaudited Pro Forma Non-GAAP Measures

In addition to the financial information prepared in conformity with Generally Accepted Accounting Principles ("GAAP"), we provide historical non-GAAP financial information. Management believes that the presentation of such non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of our operations. Management believes that these non-GAAP financial measures reflect an additional way of viewing aspects of our business that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.

Management believes that the presentation of these measures provides investors with greater transparency and facilitates comparison of operating results across a broad spectrum of companies with varying capital structures, compensation strategies, derivative instruments, and amortization methods, which provide a more complete understanding of our financial performance, competitive position, and prospects for the future. Readers should consider the information in addition to, but not instead of, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of these measures for comparative purposes.

Pro Forma Adjusted Income from Continuing Operations Per Share. The following table provides a reconciliation between income from pro forma continuing operations and pro forma diluted income from continuing operations per share attributable to Encore calculated in accordance with GAAP to pro forma adjusted income from continuing operations per share attributable to Encore calculated in accordance with GAAP to pro forma adjusted income from continuing operations per share attributable to Encore excludes non-cash interest and issuance cost amortization relating to our convertible notes, one-time charges, acquisition, integration and restructuring related expenses, and non-cash goodwill impairment charges, all net of tax. GAAP diluted earnings per share for the years ended December 31, 2015, 2014, and 2013, includes the effect of approximately 0.7 million, 1.1 million, and 0.6 million, respectively, common shares that are issuable upon conversion of certain convertible senior notes because the average stock price during the respective periods exceeded the conversion price of these notes. However, as described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, Note 9, "Debt—Encore Convertible Notes," in the notes to our consolidated financial statements, we have certain hedging transactions in place that have the effect of increasing the effective conversion price of these notes. Accordingly, while these common shares are included in our diluted earnings per share, the hedge transactions will offset the impact of this dilution and no shares will be issued unless our stock price exceeds the effect of these notes and the related bedging transactions to shareholders, with the GAAP item under the "Per Diluted Share-Accounting" and "Per Diluted Share-Accounting" (non-GAAP) columns, respectively (*in thousands, except per share data*):

	Year Ended December 31, 2015																		
			Histo	orical					Adju	istments			Pro Forma						
		Per Diluted Share— \$ Accounting		hare—	Per Diluted Share— Economic			\$		er Diluted Share— ccounting	5	r Diluted Share— conomic	\$		Per Diluted Share— Accounting		S	r Diluted Share— conomic	
GAAP net income from continuing operations attributable to Encore, as reported	\$	45,135	\$	1.69	\$	1.74	\$	23,387	\$	0.88	\$	0.90	\$	68,522	\$	2.57	\$	2.64	
Adjustments:																			
Convertible notes non-cash interest and issuance cost amortization, net of tax		6,896		0.26		0.26		_		_		_		6,896		0.26		0.26	
Acquisition, integration and restructuring related expenses, net of tax		8,063		0.30		0.31		(16)		0.00		0.00		8,047		0.30		0.31	
CFPB / regulatory one- time charges, net of tax		42,554		1.60		1.64		_		_		_		42,554		1.60		1.64	
Goodwill impairment, net of tax		31,187		1.17		1.20		(31,187)		(1.17)		(1.20)		_				_	
Adjusted income from continuing operations attributable to Encore	\$	133,835	\$	5.02	\$	5.15	\$	(7,816)	\$	(0.29)	\$	(0.30)	\$	126,019	\$	4.73	\$	4.85	

	Year Ended December 31, 2014																	
			Hist	orical					Adj	ustments								
		\$		Per Diluted Share— Accounting		Per Diluted Share— Economic		\$		Per Diluted Share— Accounting		r Diluted Share— conomic	\$		Per Diluted Share— Accounting		5	r Diluted Share— conomic
GAAP net income from continuing operations attributable to Encore, as reported	\$	105,338	\$	3.83	\$	3.99	\$	(6,817)	\$	(0.25)	\$	(0.26)	\$	98,521	\$	3.58	\$	3.73
Adjustments:																		
Convertible notes non-cash interest and issuance cost amortization, net of tax		6,413		0.23		0.24		_		_		_		6,413		0.23		0.24
Acquisition, integration and restructuring related expenses, net of tax		9,898		0.36		0.37		(316)		(0.01)		(0.01)		9,582		0.35		0.36
Net effect of non-recurring tax adjustments		(2,291)		(0.08)		(0.08)						_		(2,291)		(0.08)		(0.08)
Adjusted income from continuing operations attributable to Encore	\$	119,358	\$	4.34	\$	4.52	\$	(7,133)	\$	(0.26)	\$	(0.27)	\$	112,225	\$	4.08	\$	4.25

	Year Ended December 31, 2013																		
			Histo	rical					Adju	stments			Pro Forma						
		\$	Share— S		Per Diluted Share— Economic			\$	Per Diluted Share— Accounting		Per Diluted Share— Economic		\$		S	r Diluted hare— counting	S	r Diluted Share— conomic	
GAAP net income from continuing operations attributable to Encore, as reported	\$	77,039	\$	2.94	\$	3.01	\$	(2,824)	\$	(0.11)	\$	(0.11)	\$	74,215	\$	2.83	\$	2.90	
Adjustments:										()				,					
Convertible notes non-cash interest and issuance cost amortization, net of tax		3,274		0.12		0.13		_		_		_		3,274		0.12		0.13	
Acquisition, integration and restructuring related expenses, net of tax		18,483		0.71		0.72		(182)		(0.01)		(0.01)		18,301		0.70		0.71	
Adjusted income from continuing operations attributable to Encore	\$	98,796	\$	3.77	\$	3.86	\$	(3,006)	\$	(0.12)	\$	(0.12)	\$	95,790	\$	3.65	\$	3.74	