ENSIGN GROUP, INC
Form 424B5
February 12, 2015
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-197426

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee(2)
Common Stock, par value $0.001 per share	2,875,000	$41.00	$117,875,000	$13,698

(1) Includes 375,000 shares of common stock that may be purchased upon exercise of the underwriters option to purchase additional shares.
(2) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT
(to Prospectus dated July 15, 2014)

2,500,000 Shares

Common Stock

The Ensign Group, Inc.

We are offering 2,500,000 shares of our common stock. Our common stock is traded on the NASDAQ Global Select Market under the symbol ENSG. The last reported sale price of our common stock on the NASDAQ Global Select Market on February 11, 2015 was $42.03 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement and the risks set forth under the caption Item 1A. Risk Factors included in our most recent Annual Report on Form 10-K, which is incorporated by reference herein, for certain risks relevant to an investment in our common stock.

	Per Share	Total
Public offering price	$ 41.00	$ 102,500,000
Underwriting discounts and commissions(1)	$ 2.05	$ 5,125,000
Proceeds, before expenses, to us	$ 38.95	$ 97,375,000

(1) We have agreed to reimburse the underwriters for certain expenses. See Underwriting (Conflicts of Interest).

We have granted the underwriters a 30-day option to purchase up to an additional 375,000 shares from us at the public offering price less underwriting discounts and commissions.

None of the Securities and Exchange Commission, any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about February 18, 2015.

Wells Fargo Securities **RBC Capital Markets**

SunTrust Robinson Humphrey

Prospectus Supplement dated February 11, 2015.

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Prospectus Supplement

Prospectus

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus. We have not, and the underwriters have not, authorized any person to provide you with any information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or that is contained in any free writing prospectus issued by us. We and the underwriters take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give to you. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy our common stock in any jurisdiction where such offer or any sale would be unlawful. You should assume that the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate only as of any date on the front cover of this prospectus supplement, the accompanying prospectus or the date of the document incorporated by reference, as applicable. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. However, if any statement in either of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference the statement in the document having the later date modifies or supersedes the earlier statement.

You should read both this prospectus supplement and the accompanying prospectus together with the additional information described in this prospectus supplement under Information We Incorporate By Reference and Where You Can Find More Information.

In this prospectus supplement, unless otherwise specified or the context requires otherwise, the words, Ensign, Company, we, our and us ref The Ensign Group, Inc. and its consolidated subsidiaries.

The Ensign Group, Inc. is a holding company with no direct operating assets, employees or revenues. Our subsidiaries and affiliates are operated by separate, independent entities, each of which has its own management, employees and assets. In addition, certain of our wholly-owned independent subsidiaries, collectively referred to as the Service Center, provide certain accounting, payroll, human resources, information technology, legal, risk management and other back-office services to the other operating subsidiaries through contractual relationships with such subsidiaries. In addition, we have a wholly-owned captive insurance subsidiary, which we refer to as the Captive, that provides some claims-made coverage to our operating subsidiaries for general and professional liability, as well as for certain workers compensation insurance liabilities.

Like our affiliated operating subsidiaries, the Service Center and the Captive are operated by separate, wholly-owned, independent subsidiaries that have their own management, employees and assets. Reference herein to the consolidated Company and its assets and activities, as well as the use of the terms we, us, our and similar terms in this prospectus supplement is not meant to imply that The Ensign Group, Inc. has direct operating assets, employees or revenue, or that any of the operations, the Service Center or the Captive are operated by the same entity.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference in each that are not historical facts are forward-looking statements within the safe harbor provision of the Private Securities Litigation Reform Act of 1995 and may involve a number of risks and uncertainties. We have generally used the words anticipate, believe, could, estimate, expect, intend, may, predict, project and similar terms and phrases, including references to assumptions, to identify forward-looking statements, although not all forward-looking statements contain such words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These forward-looking statements are made based on management s current expectations and beliefs concerning future events affecting us and are subject to various risks, uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements. The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- federal and state changes to reimbursement and other aspects of Medicare and Medicaid;
- the effect of federal and state government laws and regulations on our business;
- preclusion from participating in federal or state healthcare programs, including Medicare and Medicaid;
- state efforts to regulate or deregulate healthcare services or the construction or expansion of healthcare operations;
- participation in provider relationships with managed care organizations in the geographies in which we serve;
- overbuilding in certain markets, increased competition and increased operating costs;
- any changes in the acuity mix of patients in our operations as well as payor mix and payment methodologies;
- increased competition for, or a shortage of, nurses and other skilled personnel;
- the inability to expand occupancy or to improve patient mix at our operations;
- diversion of material time, resources and attention from our management team and staff away from our business to respond to government probe reviews and/or investigations;
- competition from other healthcare providers in attracting patients and residents to our operations;
- difficulties in completing future acquisitions and risks related to acquisitions generally, including our inability to efficiently integrate acquired operations and the disruption of management s attention from ongoing business operations and the impact on customers, lenders, operating results and business;

the achievement and maintenance of competitive quality of care ratings from the Centers for Medicare and Medicaid Services and private organizations engaged in similar monitoring activities;

the geographic concentration of our operations;

significant legal actions and liability claims;

increases in the expense or difficulty in obtaining insurance coverage;

exposure through our self-insurance programs to significant and unexpected losses;

the departure or other loss of our management team and operational leaders;

the effect of a breach of a single facility lease on a master-lease or other leases with the same landlord;

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- the failure to comply with the restrictive covenants and other provisions of our long-term debt, mortgages and long-term operating leases;
- our ability to secure sufficient capital to implement our business plans;
- delays in reimbursements from Medicare, Medicaid and other sources;
- our ability to realize the potential benefit of the Spin-Off (as defined below) of our real estate assets;
- our dependence upon receiving funds from multiple, independent operating subsidiaries;
- our referral sources referring fewer patients to our operations;
- the termination of our patient admission agreements and the resulting vacancies in our operations; and
- our ability to generate sufficient cash flows to service our outstanding indebtedness and maintain dividend payments.

You should keep in mind that any forward-looking statements made by us in this prospectus supplement or elsewhere speak only as of the date on which the statements were made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us or anticipated results. In light of these risks and uncertainties, you should keep in mind that any of these forward-looking statements might not occur. When considering these forward-looking statements, you should keep in mind the cautionary statements in this prospectus supplement and in our other SEC filings, including the more detailed discussion of these factors, as well as other factors that could affect our results, contained under Risk Factors elsewhere in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated herein by reference.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that you should consider before investing in our common stock. You should carefully read this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in our common stock. Please read Risk Factors for more information about important risks that you should consider before investing in our common stock.

Company Overview

We, through our operating subsidiaries, are a provider of skilled nursing, rehabilitative care services, home health, home care, hospice care, assisted living and urgent care services. As of February 9, 2015, we operated 143 facilities, thirteen home health and eleven hospice operations, two home care businesses, sixteen urgent care centers and a mobile x-ray and diagnostic company, located in Arizona, California, Colorado, Idaho, Iowa, Nebraska, Nevada, Oregon, Texas, Utah, Washington and Wisconsin. Our operating subsidiaries, each of which strives to be the operation of choice in the community it serves, provide a broad spectrum of healthcare services, including skilled nursing, assisted living, home health and hospice, mobile ancillary, and urgent care services.

Our organizational structure is centered upon local leadership. We believe our organizational structure, which empowers leaders and staff at the local level, is unique within the healthcare services industry. Each of our operations is led by highly dedicated individuals who are responsible for key operational decisions at their operations. Leaders and staff are trained and motivated to pursue superior clinical outcomes, high patient and family satisfaction, operating efficiencies and financial performance at their operations.

We encourage and empower our leaders and staff to make their operation the operation of choice in the community it serves. This means that our leaders and staff are generally authorized to discern and address the unique needs and priorities of healthcare professionals, customers and other stakeholders in the local community or market, and then work to create a superior service offering for and reputation in that particular community or market. We believe that our localized approach encourages prospective customers and referral sources to choose or recommend the operation. In addition, our leaders are enabled and motivated to share real-time operating data and otherwise benchmark clinical and operational performance against their peers in order to improve clinical care, enhance patient satisfaction and augment operational efficiencies, promoting the sharing of best practices.

We view healthcare services primarily as a local business, influenced by personal relationships and community reputation. We believe our success is largely dependent upon our ability to build strong relationships with key stakeholders from the local healthcare community, based upon a solid foundation of reliably superior care. Accordingly, our brand strategy is focused on encouraging the leaders and staff of each operation to focus on clinical excellence and promote their operation independently within their local community.

Our History

Our company was formed in 1999 with the goal of establishing a new level of quality care within the skilled nursing industry. The name Ensign is synonymous with a flag or a standard, and refers to our goal of setting the standard by which all others are measured. We believe that through our efforts and leadership, we can foster a new level of patient care and professional competence at our operations, and set a new industry standard for quality skilled nursing and rehabilitative care services.

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We organize our operating subsidiaries into portfolio companies, which we believe has enabled us to maintain a local, field-driven organizational structure and attract additional qualified leadership talent, and to identify, acquire, and improve operations at a generally faster rate. Each of our portfolio companies has its own president. These presidents, who are experienced and proven leaders that are generally taken from the ranks of operational CEOs, serve as leadership resources within their own portfolio companies, and have the primary responsibility for recruiting qualified talent, finding potential acquisition targets, and identifying other internal and external growth opportunities. We believe this organizational structure has improved the quality of our recruiting and will continue to facilitate successful acquisitions.

On June 1, 2014, we completed the separation of our healthcare business and our real estate business into two separate and independent publicly traded companies through the distribution of all of the outstanding shares of common stock of CareTrust REIT, Inc., or CareTrust, to Ensign stockholders on a pro rata basis, which we refer to as the Spin-Off. Our stockholders received one share of CareTrust common stock for each share of our common stock held at the close of business on May 22, 2014, the record date for the Spin-Off. Prior to the Spin-Off, we transferred 97 skilled nursing, assisted and independent living facilities to CareTrust. We continue to operate 94 of these facilities under multiple, long-term, triple-net leases with CareTrust.

Our Segments and Services

Beginning in the fourth quarter of 2014, we realigned our operating segments to more closely correlate with our service offerings, which coincide with the way that we measure performance and allocate resources. We have two reportable operating segments: (1) transitional, skilled and assisted living services, which includes the operation of skilled nursing facilities and assisted living facilities and is the largest portion of our business; and (2) home health and hospice services, which includes our home health, home care and hospice businesses. Our Chief Executive Officer, who is our chief operating decision maker, reviews financial information at the operating segment level.

We also report an all other category that includes revenue from our urgent care centers and a mobile x-ray and diagnostic company. Our urgent care centers and mobile x-ray and diagnostic businesses are neither significant individually nor in aggregate and therefore do not constitute a reportable segment. Our reporting segments are business units that offer different services and that are managed separately to provide greater visibility into those operations. The expansion of our home health and hospice business led us to separate our home health and hospice businesses into distinct reportable segment in the fourth quarter of 2014. Previously, we had a single reportable segment, healthcare services, which included providing skilled nursing, assisted living, home health and hospice, urgent care and related ancillary services.

Our Competitive Strengths

We believe the following competitive strengths will help us successfully execute our business strategy:

- experienced and dedicated employees;
- unique incentive programs;
- staff and leadership development;
- innovative service center approach;
- proven track record of successful acquisitions;
- reputation for quality care;
- community-focused approach;

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- attractive asset base; and
- investment in information technology.

Our Growth Strategy

Much of our historical growth can be attributed to our expertise in acquiring real estate or leasing both under-performing and performing post-acute care operations and transforming them into market leaders in clinical quality, staff competency, employee loyalty and financial performance. We plan to continue to grow our revenue and earnings by:

- continuing to grow our talent base and develop future leaders;
- increasing the overall percentage or mix of higher-acuity residents;
- focusing on organic growth and internal operating efficiencies;
- continuing to acquire additional strategic and turnaround operations in existing and new markets;
- expanding and renovating our existing operations;
- constructing new facilities in existing and new markets, and
- strategically investing in and integrating other post-acute care healthcare businesses.

Recent Developments

Subsequent to December 31, 2014, we acquired five skilled nursing operations, two assisted living operations, two independent living operations, one home health agency and two urgent care clinics in three states for an aggregate purchase price of $38.6 million. The acquisition of the skilled nursing operations and assisted and independent living operations added 419 and 286 operational skilled nursing beds and assisted and independent living units, respectively, to our operating subsidiaries. The acquisitions of the home health agency and urgent care centers did not have an impact on the number of beds operated by our operating subsidiaries.

Our Executive Offices and Website

We were incorporated in 1999 in Delaware. Our principal executive offices are located at 27101 Puerta Real, Suite 450, Mission Viejo, CA 92691, and our telephone number is (949) 487-9500. Our corporate web address is *www.ensigngroup.net*. The information contained in, or that can be accessed through, our website is not part of this prospectus supplement or the accompanying prospectus and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus supplement.

Ensign™ is our U.S. trademark. All other trademarks and trade names appearing in this prospectus supplement are the property of their respective owners.

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The Offering

Issuer	The Ensign Group, Inc., a Delaware corporation
Common Stock Offered by Us	2,500,000 shares
Underwriters option to purchase additional shares	We have granted the underwriters an option to purchase up to an additional 375,000 shares from us at the public offering price, less underwriting discounts and commissions, for a period of 30 days from the date of this prospectus supplement.
Common Stock to be Outstanding after this Offering	25,091,099 shares (25,466,099 shares if the underwriters exercise their option to purchase additional shares in full).
Use of Proceeds	We intend to use the net proceeds of this offering to repay outstanding borrowings under our revolving credit facility and for general corporate purposes, which could include working capital, capital expenditures and acquisitions. We have used and expect to continue to use our revolving credit facility primarily to fund acquisitions. See Use of Proceeds.
Conflicts of Interest	We intend to use a portion of the net proceeds from the sale of our common stock to repay outstanding borrowings under our revolving credit facility. An affiliate of Wells Fargo Securities, LLC is a lender and serves as syndication agent, and Wells Fargo Securities, LLC serves as joint lead arranger and joint book manager under our revolving credit facility. An affiliate of SunTrust Robinson Humphrey, Inc. is a lender and serves as administrative agent, and SunTrust Robinson Humphrey, Inc. serves as joint lead arranger and joint book manager under our revolving credit facility. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA. Wells Fargo Securities, LLC and SunTrust Robinson Humphrey, Inc. and their affiliates will not confirm any sales to accounts over which either firm exercises discretionary authority without first receiving specific written approval for the transaction for those accounts. See Use of Proceeds and Underwriting (Conflicts of Interest) Conflicts of Interest for more information.
Risk Factors	You should carefully read and consider the information set forth in Risk Factors beginning on page S-6 of this prospectus supplement, including the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which are incorporated by reference into this prospectus supplement, before investing in our common stock.
NASDAQ Global Select Market Symbol	ENSG

The number of shares to be outstanding after the offering is based on 22,591,099 shares outstanding as of December 31, 2014, which does not include:

2,765,301 shares of common stock issuable upon the exercise of outstanding stock options as of December 31, 2014, at a weighted-average exercise price of $17.02 per share;

182,520 shares of common stock underlying unvested restricted stock awards; and

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1,232,418 shares of common stock available to be granted under our existing equity plans.

Unless we specifically state otherwise, the information contained in this prospectus supplement is based on the assumption that the underwriters will not exercise the option to purchase additional shares.

RISK FACTORS

An investment in our common stock involves various risks. You should carefully consider the risks and uncertainties described below and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, before deciding to invest in our common stock. Any of the risk factors described therein or set forth below could significantly and adversely affect our business, prospects, financial condition and results of operations. As a result, the trading price of our common stock could decline and you could lose a part or all of your investment.

Risks Related to Our Business and Industry

For a discussion of risks and uncertainties relating to our business and industry, see Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

Risks Related to Our Common Stock and this Offering

Our stock price has been volatile and your investment could lose value.

The trading price of our common stock has been volatile and could be subject to wide fluctuations due to various factors. The timing of announcements in the public market regarding new products, product enhancements or technological advances by us or our competitors, and any announcements by us or our competitors of acquisitions, major transactions or management changes could also affect our stock price. Our stock price is subject to speculation in the press and the analyst community, changes in recommendations or earnings estimates by financial analysts, changes in investors or analysts valuation measures for our stock, our credit ratings and market trends unrelated to our performance. Stock sales by our directors, officers or other significant holders may also affect our stock price. A significant drop in our stock price could also expose us to the risk of securities class action lawsuits, which could result in substantial costs and divert management s attention and resources, which could adversely affect our business. Moreover, if the per share trading price of our common stock declines significantly, you may be unable to resell your shares at or above the public offering price. We cannot assure you that the per share trading price of our common stock will not fluctuate or decline significantly in the future.

Because we have broad discretion in how we use the proceeds from this offering, we may use the proceeds in ways with which you disagree.

We intend to use the net proceeds of this offering to repay outstanding borrowings under our revolving credit facility and for general corporate purposes, which could include working capital, capital expenditures and acquisitions. We have used and expect to continue to use our revolving credit facility primarily to fund acquisitions. See Use of Proceeds. We have not allocated specific amounts of the net proceeds from this offering for any specific purpose. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The failure of our management to use such funds effectively could have a material adverse effect on our business, financial condition, operating results and cash flow.

Potential sales by us of our common stock may cause the market price of our common stock to decline.

We are not restricted from issuing additional shares of common stock, including shares issuable pursuant to securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Following completion of this offering, we expect that we will have approximately 25.1 million shares of common stock outstanding (or approximately 25.5 million shares if the underwriters exercise their option to purchase additional shares in full), approximately 2.8 million shares of common stock will be issuable pursuant to outstanding stock options and approximately 1.4 million shares of common stock underlying unvested restricted stock awards and other equity awards that are reserved for

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future issuance under existing compensation plans. If these additional shares are sold in the public market, or if it is perceived that they will be sold in the public market, the trading price of our common stock could decline.

Investors in this offering may experience immediate and substantial dilution.

The public offering price of the securities offered pursuant to this prospectus supplement may be substantially higher than the net tangible book value per share of our common stock. Therefore, if you purchase shares of common stock in this offering, you may incur immediate and substantial dilution in the pro forma net tangible book value per share of common stock from the price per share that you pay for our common stock in this offering. If the holders of outstanding options exercise those options at prices below the public offering price, you will incur further dilution.

We may not be able to pay or maintain dividends and the failure to do so would adversely affect our stock price.

Our ability to pay and maintain cash dividends is based on many factors, including our ability to make and finance acquisitions, our ability to negotiate favorable lease and other contractual terms, anticipated operating cost levels, the level of demand for our beds, the rates we charge and actual results that may vary substantially from estimates. Some of the factors are beyond our control and a change in any such factor could affect our ability to pay or maintain dividends. In addition, our revolving credit facility restricts our ability to pay dividends to stockholders if we receive notice that we are in default thereunder. The failure to pay or maintain dividends could adversely affect our stock price.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions that could discourage transactions resulting in a change in control, which may negatively affect the market price of our common stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that may enable our board of directors to resist a change in control. These provisions may discourage, delay or prevent a change in the ownership of our company or a change in our management, even if doing so might be beneficial to our stockholders. In addition, these provisions could limit the price that investors would be willing to pay in the future for shares of our common stock. Such provisions set forth in our amended and restated certificate of incorporation or our amended and restated bylaws include:

- our board of directors is authorized, without prior stockholder approval, to create and issue preferred stock, commonly referred to as blank check preferred stock, with rights senior to those of common stock;
- advance notice requirements for stockholders to nominate individuals to serve on our board of directors or to submit proposals that can be acted upon at stockholder meetings;
- our board of directors is classified so not all members of our board are elected at one time, which may make it more difficult for a person who acquires control of a majority of our outstanding voting stock to replace our directors;
- stockholder action by written consent is limited;
- special meetings of the stockholders are permitted to be called only by the chairman of our board of directors, our chief executive officer or by a majority of our board of directors;
- stockholders are not permitted to cumulate their votes for the election of directors;
- newly created directorships resulting from an increase in the authorized number of directors or vacancies on our board of directors are filled only by majority vote of the remaining directors;

our board of directors is expressly authorized to make, alter or repeal our bylaws; and

stockholders are permitted to amend our bylaws only upon receiving the affirmative vote of at least a majority of our outstanding common stock.

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We are also subject to the anti-takeover provisions of Section 203 of the General Corporation Law of the State of Delaware. Under these provisions, if anyone becomes an interested stockholder, we may not enter into a business combination with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203, interested stockholder means, generally, someone owning more than 15% or more of our outstanding voting stock or an affiliate of ours that owned 15% or more of our outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203.

These and other provisions in our amended and restated certificate of incorporation, our amended and restated bylaws and Delaware law could discourage acquisition proposals and make it more difficult or expensive for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by our then-current board of directors, including delaying or impeding a merger, tender offer or proxy contest involving us. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

Additionally, under any change of control, as defined in our revolving credit facility and our master lease with CareTrust, the lenders under our revolving credit facility would have the right to require us to repay all of the outstanding obligations under our revolving credit facility and would require the consent of CareTrust to effect the change of control.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $96,975,000 (or approximately $111,581,250 if the underwriters exercise their option to purchase additional shares in full). We intend to use the net proceeds from the sale of the common stock offered hereby to repay outstanding borrowings under our revolving credit facility and for general corporate purposes, which could include working capital, capital expenditures and acquisitions. We have used and expect to continue to use our revolving credit facility primarily to fund acquisitions. Pending any ultimate use of any portion of the proceeds from this offering, we intend to invest the net proceeds in our money market account, which invests in many different types of securities, including government securities and municipal bonds.

As of the date of this prospectus supplement, we have an outstanding drawn loan balance of approximately $94.0 million under our revolving credit facility, which matures in May 2019. The interest rates applicable to loans under the revolving credit facility are, at our option, equal to either a base rate plus a margin ranging from 1.25% to 2.25% per annum or LIBOR plus a margin ranging from 2.25% to 3.25% per annum, based on the debt to our consolidated EBITDA ratio (as defined in the facility).

An affiliate of Wells Fargo Securities, LLC is a lender and serves as syndication agent, and Wells Fargo Securities, LLC serves as joint lead arranger and joint book manager under our revolving credit facility. An affiliate of SunTrust Robinson Humphrey, Inc. is a lender and serves as administrative agent, and SunTrust Robinson Humphrey, Inc. serves as joint lead arranger and joint book manager under our revolving credit facility. Accordingly, this offering is being made in compliance with FINRA Rule 5121. To the extent that we use a portion of the net proceeds of this offering to repay borrowings outstanding under our revolving credit facility, such affiliates of Wells Fargo Securities, LLC and SunTrust Robinson Humphrey, Inc. will receive their proportionate shares of any such amount. See Underwriting (Conflicts of Interest) Conflicts of Interest.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2014:

- on an actual basis; and
- as adjusted to give effect to (i) this offering of 2,500,000 shares of common stock at a public offering price of $41.00 per share after deducting underwriting discounts and commissions and estimated offering expenses payable by us, which assumes no exercise of the underwriters option to purchase additional shares, and (ii) the repayment of outstanding indebtedness under our revolving credit facility, in each case as if it had occurred on December 31, 2014.

You should read this table in conjunction with our consolidated financial statements, the related notes and other financial information contained in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference in this prospectus supplement, as well as the other financial information incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of December 31, 2014 (in thousands)	
	Actual	**As Adjusted**
Cash, cash equivalents and short-term investments(1)	$ 50,408	$ 82,383
Debt:		
Revolving credit facility(1)	$ 65,000	$
HUD loan	3,390	3,390
Total debt	$ 68,390	$ 3,390
Common Stock	22	25
Additional Paid In Capital	114,293	211,265
Total stockholders equity	$ 257,803	$ 354,778
Total capitalization	$ 326,193	$ 358,168

(1) As of the date of this prospectus supplement, we have an outstanding loan balance of approximately $94.0 million under our revolving credit facility. We intend to repay the entire amount of such outstanding balance under our revolving credit facility using the net proceeds of this offering, which will decrease the amount of our cash, cash equivalents and short-term investments set forth in the table.

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PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock trades on the NASDAQ Global Select Market under the trading symbol ENSG. On February 3, 2015, there were approximately 216 record holders of our common stock. This number does not include the number of persons or entities who hold stock in nominee or street name through various brokerage firms, banks and other nominees. On February 11, 2015, the last closing sale price reported on NASDAQ for our common stock was $42.03 per share.

The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported by NASDAQ and the dividends declared per share:

	Price Range	Dividends(1)