

**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): April 28, 2006

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.)

8875 Aero Drive, Suite 200, San Diego, California
(Address of Principal Executive Offices)

92123
(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:

- 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))

Item 1.01. Entry into a Material Definitive Agreement

On May 2, 2006, the Board of Directors of Encore Capital Group, Inc. approved a revised form of Indemnification Agreement and authorized Encore to enter into an Indemnification Agreement with each member of our board of directors and each of our executive officers. A copy of the Indemnification Agreement is attached hereto as Exhibit 10.1.

On April 28, 2006, the Compensation Committee of our board of directors approved the following executive compensation arrangements:

Amendment to Below-Market Priced Option and Payment for Loss in Compensation

The Compensation Committee approved an amendment to Option Agreements dated as of October 29, 2003 for each of Eric Kogan, a member of our board of directors, Carl C. Gregory, our former Chief Executive Officer and a current member of our board of directors, and J. Brandon Black, our current Chief Executive Officer and a member of our board of directors. The options were non-qualified stock options granted under our 1999 Equity Participation Plan. The amendment changes the exercise price of that portion of each optionee's option that vested in 2005 from \$11.00 to \$12.01, which was the fair market value on the date of grant. The purpose of the amendment was to bring the option agreement into compliance with newly-enacted Section 409A of the Internal Revenue Code. The number of shares of our common stock underlying the portion of the options that vested in 2005 was 8,333 for Mr. Kogan, 33,333 for Mr. Gregory, and 33,333 for Mr. Black. A copy of the form of option amendment is attached hereto as Exhibit 10.2.

The Compensation Committee also approved the payment to each of Messrs. Kogan, Gregory and Black of the amount of compensation equal to the loss suffered as a result of the amendment to the option agreements. The amounts of the payments approved were \$8,416 to Mr. Kogan, \$33,666 to Mr. Gregory, and \$33,666 to Mr. Black.

Approval of Split-Dollar Agreements

The Compensation Committee approved the establishment of a split-dollar life insurance plan pursuant to the Company's Executive Nonqualified Excess Plan, to be made available to the following key managerial employees in the amounts set forth below. The death benefit represents ten percent of the policy.

	<u>Death Proceeds</u>	<u>Annual Economic Benefit</u>
J. Brandon Black	\$ 1,000,000	\$ 1,070
Paul Grinberg	\$ 800,000	\$ 1,224
Robin R. Pruitt	\$ 800,000	\$ 1,704
George Brooker	\$ 800,000	\$ 960

The Compensation Committee had previously approved the purchase by the Company and the payment of premiums for insurance on the lives of the above listed participants as a mechanism to fund the Executive Nonqualified Excess Plan. Pursuant to the split-dollar life insurance program, the Compensation Committee authorized the Company to enter into split dollar agreements with the above participants whereby ten percent of the benefit payable in the event of death would be payable to the beneficiaries of such participants. A copy of the form of split-dollar agreement is attached hereto as Exhibit 10.3.

Approval of Form of Restricted Stock Award Agreements

The Compensation Committee approved a form of restricted stock award agreement to be used for awards to executives under our 2005 Stock Incentive Plan. A copy of the form of restricted stock award agreement is attached hereto as Exhibits 10.4.

Payment of Legal Fees

During 2005, we entered into employment agreements with Carl C. Gregory, III, our former Chief Executive Officer and a current member of our board of directors, and J. Brandon Black, our current Chief Executive Officer and a member of our board of directors, and a transition services agreement with Barry R. Barkley, our former Chief Financial Officer and a current member of our board of directors. The Compensation Committee approved the payment of an aggregate of \$29,797 for the legal fees incurred by Messrs. Gregory, Black and Barkley for independent legal advice in the course of negotiating the employment agreements and transition services agreement with the Company. The Compensation Committee also authorized the payment of \$5,527 to each of Messrs. Gregory, Black and Barkley, as compensation for the additional federal and state income taxes payable as a result of the Company's payment of the legal fees on their behalf.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On April 28, 2006, Nelson Peltz notified us that he would be retiring from our board of directors as of the date of our 2006 annual meeting of stockholders scheduled to be held on June 5, 2006 and thus, would not stand for reelection to our board of directors at such time.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
10.1	Form of Indemnification Agreement
10.2	Form of Option Amendment
10.3	Form of Split-Dollar Agreement
10.4	Form of Restricted Stock Award Agreement

SIGNATURES

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 thereunto duly authorized.

ENCORE CAPITAL GROUP, INC.

Date: May 4, 2006

By /s/ Paul Grinberg

Paul Grinberg
Executive Vice President,
Chief Financial Officer and Treasurer

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
10.1	Form of Indemnification Agreement
10.2	Form of Option Amendment
10.3	Form of Split-Dollar Agreement
10.4	Form of Restricted Stock Award Agreement

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“Agreement”) is made as of _____, 200_ by and between Encore Capital Group, Inc., a Delaware corporation (the “Company”), and _____ (“Indemnitee”).

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the “Board”) has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Certificate of Incorporation of the Company requires indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the Delaware General Corporation Law (“DGCL”). The Certificate of Incorporation and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company’s stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

WHEREAS, Indemnitee does not regard the protection available under the Company's Certificate of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified; and

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve or continue to serve [as a [director] [officer] [employee] [agent] of the Company] [,at the request of the Company, as a [director] [officer] [employee] [agent] [fiduciary] of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise]. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director or officer of the Company, by the Company's Certificate of Incorporation, the Company's By-laws, and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as an [officer] [director] [agent] [employee] of the Company.

Section 2. Definitions. As used in this Agreement:

(a) "Access Period" means the period commencing on the date Indemnitee first became a member of the Board of the Company and ending on the date this Agreement is terminated in accordance with Section 16 hereof.

(b) "Board Papers" means all materials provided to Indemnitee specifically in connection with any meeting of the Board or any committee of the Board, whether in documentary form or some other form, including, but not limited to, board papers, submissions, minutes, memoranda, legal opinions, financial statements and subcommittee papers during the Relevant Period.

(c) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(c)(i), 2(c)(iii) or 2(c)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(c) and Section 2(i) of this Agreement, the following terms shall have the following meanings:

(A) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(B) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(d) "Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, limited liability company, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

(e) "Director Indemnitee" means, for purposes of Section 14(f) of this Agreement, an Indemnitee who is or was a director of the Company as of the date of this Agreement or who hereafter becomes a director of the Company prior to the termination of this Agreement.

(f) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(g) "Enterprise" shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(h) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(i) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(j) A "Potential Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. Agreement Relating to Change in Control. The Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

ii. Public Announcement Relating to Change in Control. Any Person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control;

iii. Acquisition of Stock by Third Party. Any Person (other than (i) the Company or any of its subsidiaries, or (ii) any pension, profit sharing, employee stock ownership or other employee benefit plan of the Company or any of its subsidiaries or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who is or becomes the Beneficial Owner of ten percent (10%) or more of the combined voting power of the Company's then outstanding securities, acquires additional Beneficial Ownership of securities of the Company, directly or indirectly, so as to increase his, her or its Beneficial Ownership of such combined voting power by five percent (5%) or more over the percentage so owned by such Person on the date hereof; or

iv. Board Declaration. The Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(k) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement; except one initiated by a Indemnitee to enforce his rights under this Agreement.

(l) "Relevant Period" means the period commencing on the date that Indemnitee first became a member of the Board of the Company and ending on the date Indemnitee ceases to serve as a member of the Board.

(m) Reference to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee

shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that his conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

Section 7. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 7(a), the meaning of the phrase “to the fullest extent permitted by applicable law” shall include, but not be limited to:

i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 8. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, provided that the Company shall remain obligated in accordance with the terms hereof to provide indemnity for any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board of Directors of the Company authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 9. Advances of Expenses. In accordance with the pre-existing requirement of Article Nine of the Certificate of Incorporation of the Company, and notwithstanding any provision of this Agreement to the contrary, the Company shall advance, to the extent not prohibited by law, the expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee’s ability to repay the expenses and without regard to Indemnitee’s ultimate entitlement to indemnification under the other provisions of this

Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 9 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 8.

Section 10. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement or the establishment of a Trust in favor of Indemnitee in accordance with the provisions of Section 14(f) of this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such action, suit or proceeding. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 11. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (C) if the Indemnitee so requests, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) hereof, the Independent Counsel shall be selected as provided in this Section 11(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 13(e), if the person, persons or entity empowered or selected under Section 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 12(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 11(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board of Directors has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) Reliance as Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 12(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 13. Remedies of Indemnitee.

(a) Subject to Section 13(e), in the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 or 6 or the last sentence of Section 11(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3, 4 or 7 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 13(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 13 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 14. Non-exclusivity; Survival of Rights; Insurance; Subrogation; Establishment of Trust.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's Certificate of Incorporation, the Company's By-laws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's Certificate of Incorporation and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies. Without limiting the foregoing, the Company will use its reasonable best efforts to maintain director and officer liability insurance in respect of acts or omissions occurring during the period of time that Indemnitee serves or served as an officer, director, agent or employee of the Company covering Indemnitee on terms at least as favorable as the coverage currently in effect on the date hereof, provided that in satisfying its obligation under this Section 14(b), the Company shall not be obligated to pay premiums, in any of the next succeeding six years, in excess of 300% of the amount per annum the Company paid in its last full fiscal year prior to the date hereof, or in any subsequent six year period, in excess of 300% of the amount per annum the Company paid in the last year of the immediately preceding six year period, and if the Company is unable to obtain the insurance required by this Section 14(b), it shall obtain as much comparable insurance as possible for an annual premium equal to such maximum amount.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise.

(f) In the event of a Potential Change in Control the Company shall, upon written request by a Director Indemnitee containing the information required by Section 10(a) of this Agreement, create a trust (the "Trust") for the benefit of the Director Indemnitee and from time to time upon written request of the Director Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all amounts for which the Director Indemnitee is entitled to indemnification or advancement of Expenses hereunder that are actually paid or that the Director Indemnitee reasonably determines from time to time may be payable by the Company under this Agreement; provided, however, that the Company shall not be required to establish the Trust if, at the time a written request by the Director Indemnitee is made pursuant to this Section 14(f), the Company provides the Director Indemnitee with written evidence reasonably satisfactory to the Director Indemnitee that the Company maintains director and officer liability insurance in respect of acts or omissions occurring during the period of time that the Director Indemnitee serves or served as an officer, director, agent or employee of the Company covering the Director Indemnitee on terms at least as favorable as the coverage currently in effect on the date hereof, without taking into account the limitation on premiums the Company is required to pay pursuant to Section 14(b) of this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation (or, if applicable, the adequacy of director and officer liability insurance maintained by the Company pursuant to the proviso to the preceding sentence) shall be determined by the applicable party specified in Section 11(a) of this Agreement. The terms of the Trust shall provide that upon a Change in Control: (i) the Trust shall not be revoked or the principal thereof invaded without the written consent of the Director Indemnitee; (ii) the trustee of the Trust shall advance, within ten (10) days of a request by the Director Indemnitee, any and all Expenses to the Director Indemnitee (and the Director Indemnitee hereby agrees to reimburse the Trust under the circumstances under which the Director Indemnitee would be required to reimburse the Company under Section 9 of this Agreement); (iii) the Company shall continue to fund the Trust from time to time in accordance with the funding obligations set forth above; (iv) the trustee of the Trust shall promptly pay to the Director Indemnitee all amounts and Expenses for which the Director Indemnitee shall be entitled to indemnification pursuant to this Agreement; and (v) all unexpended funds in the Trust

shall revert to the Company upon a final determination by a court of competent jurisdiction in a final decision from which there is no further right of appeal that the Director Indemnitee has been fully indemnified under the terms of this Agreement. The trustee of the Trust shall be chosen by the Director Indemnitee.

Section 15. Access to Board Papers.

(a) The Company agrees to maintain a complete set of Board Papers, in a systematic and organized manner, in secure custody during the Access Period; provided, however, that if the relevant Board Papers were created prior to the date of this Agreement, the Company shall be deemed to have satisfied its obligations under this Section 15(a) if it uses all reasonable efforts to collate and keep those Board Papers in the manner required hereby. Subject to the foregoing proviso and the limitation in Sections 15(b) and 15(c), if Indemnitee asks to inspect, or for a copy of, any Board Paper during the Access Period and the request is made in connection with any Proceedings or the threat of any Proceedings, the Company must, within fourteen (14) days after receiving that request: (i) allow Indemnitee (or a person nominated in writing by Indemnitee) to inspect the Board Paper at the Company's registered office (or any other place agreed by the Company and Indemnitee), and (ii) provide Indemnitee a copy of the Board Paper without charge.

(b) Indemnitee hereby acknowledges that: (i) the Company remains the owner of all Board Papers and the Company may request Indemnitee to provide the Company with reasons why Indemnitee requires access to a document, (ii) as a condition to Indemnitee's right to receive any Board Papers, Indemnitee must, on written request by the Company, provide the Company with written reasons why Indemnitee requires access to a document, and (iii) Indemnitee must return to the Company or destroy all copies of any Board Paper obtained from the Company under this Section 15 within ten (10) days after the relevant Proceedings are finally resolved or the threat of such Proceedings has ceased to materially exist.

(c) If the Company has any right (including a right it has jointly or in common with Indemnitee or with Indemnitee and others) to privilege, such as attorney-client privilege, with respect to any document which Indemnitee inspects, copies or uses under this Agreement or the DGCL: (i) that document is to be treated by Indemnitee as confidential, (ii) by permitting the inspection, copying or use to Indemnitee or Indemnitee's permitted nominee, the Company does not waive any privilege, and (iii) in so inspecting, copying or using the document by himself or herself or through Indemnitee's permitted nominee, Indemnitee must use his or her best efforts to ensure that so far as is practical the right to privilege is not lost or waived, whether by Indemnitee or the Indemnitee's nominee or otherwise and as a condition to providing any such document to Indemnitee the Company may require Indemnitee to enter into a reasonable and customary joint defense or other similar agreement for the protection of any such privilege. Nothing in this Agreement shall be deemed to prevent or preclude the Company from relying on privilege in proceedings between Indemnitee and the Company (including in respect of a document which the Company has disclosed to Indemnitee outside those proceedings).

(d) Nothing in this Section 15 shall be deemed to limit any right of access Indemnitee otherwise has to Board Papers.

(e) Indemnitee hereby agrees not disclose any confidential information contained in a Board Paper to a third party unless: (i) the Company has given its prior written consent to such disclosure, (ii) Indemnitee is required to do so by law, (iii) the disclosure is made for the purpose of obtaining professional advice or in connection with the relevant Proceedings or the threat of such Proceedings in relation to which Indemnitee was given access to the Board Paper, or (iv) the disclosure is made on behalf of the Company and for Company purposes in furtherance of Indemnitee's duties as a director, officer, employee or agent of the Company at the time such disclosure is made; provided, however, if Indemnitee is entitled to disclose confidential information under this Section 15(e) and the Board Papers include any information to which attorney-client privilege attaches for the benefit of the Company, or both the Company and Indemnitee, Indemnitee must use his or her best efforts to avoid doing anything that will cause that privilege to be waived, extinguished or lost by the Company in relation to third parties.

Section 16. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that Indemnitee shall have ceased to serve as a [director] [officer] [agent] [employee] of the Company or (b) 1 year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 13 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 18. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement is a supplement to and in furtherance of the Certificate of Incorporation of the Company, the By-laws of the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder or under any other prior written agreement to which the Company or its predecessors, on the one hand, and Indemnitee and his or her affiliates, on the other, are a party[; provided, however, that

this Agreement shall be deemed to supersede that certain Indemnification Agreement, dated as of _____ (the "Prior Indemnification Agreement"), between _____ and Indemnitee, which Prior Indemnification Agreement shall terminate and be of no further force or effect upon the execution and delivery hereof by the Company and Indemnitee].

Section 19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 20. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 21. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to

Encore Capital Group, Inc.
8875 Aero Drive, Suite 200
San Diego, California 92123
Attn: Corporate Secretary
Facsimile: (858) 309-6977

or to any other address as may have been furnished to Indemnitee by the Company.

Section 22. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 23. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 13(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably The Corporation Trust Company of Delaware, [address] as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

ENCORE CAPITAL GROUP, INC.

INDEMNITEE

By: _____
Name: _____
Title: _____

Name: _____

Address: 8875 Aero Drive, Suite 200
San Diego, California 92123
Attn: Corporate Secretary

Address: _____

AMENDMENT
To
NON-INCENTIVE STOCK OPTION AGREEMENT
Under
ENCORE CAPITAL GROUP, INC.
1999 EQUITY PARTICIPATION PLAN

This Amendment (the "Amendment") is entered into as of _____, 2006 by and between _____ ("Optionee") and Encore Capital Group, Inc. (the "Company") under that certain Option Agreement dated as of October 29, 2003 by and between the Company and the Optionee (the "Option Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Option Agreement.

WHEREAS, the Option Agreement granted to the Optionee an option (the "Option") to purchase shares of the Company's common stock, par value \$.01 per share, at an exercise price of \$11.00 per share, which exercise price was less than the fair market value of the Company's common stock on the Date of Grant by an amount allowed by the terms of the Plan; and

WHEREAS, Section 409A of the Internal Revenue Code would impose additional income tax and tax penalty upon the vesting on or after January 1, 2005 of stock options with an exercise price of less than the fair market value of the underlying shares on the date of grant; and

WHEREAS, the Company and the Optionee desire to amend the Option Agreement as permitted under Section 409A in a manner designed to avoid the application of Section 409A to the portion of the Option that vests on or after January 1, 2005.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, the Company and the Optionee have agreed to enter into this Amendment.

1. In order to avoid the imposition of additional income tax and tax penalty under Section 409A of the Internal Revenue Code, in accordance with IRS Notice 2005-1, Q/A-18 (d), the Company and the Employee agree that the exercise price for the portion of the Option that vested on or after January 1, 2005 shall be \$12.01, which amount is equal to the fair market value of the underlying shares as of the Date of Grant.
2. If the provisions this Amendment fail to achieve the goal expressed in the preceding section, then the parties agree to make such changes as are mutually agreeable in order for the Option to be excluded from the definition of a deferral of compensation under such Section 409A.
3. Upon the effectiveness hereof, each reference to the Option Agreement in the Option Agreement, the Plan or any related document shall mean and be a reference to the Option Agreement as amended hereby. Except as specifically amended above, the Option Agreement and all other documents, instruments and agreements executed and/or

delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

4. This Amendment shall become effective upon the execution by both parties and may be executed in counterparts and/or by facsimile signatures with the same force and effect as if executed in one complete document with the original signature of both parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment as of _____, 2006.

ENCORE CAPITAL GROUP, INC.

By: _____

Name:

Title:

OPTIONEE:

Print Name:

SAMPLE ENDORSEMENT METHOD
SPLIT-DOLLAR INSURANCE AGREEMENT

(Employer-Pay-All Agreement)

This Agreement, entered into this __ day of _____, 20__, by and between Midland Credit Management, Inc, hereafter called the "Employer," and (Name) , hereafter called the "Employee," **WITNESSETH:**

WHEREAS, the Employee is a valuable employee of the Employer and has been employed since (Date) ;

WHEREAS, the Employee has agreed to continue such service and the Employer desires that he/she do so; and

WHEREAS, in the continuation of such relationship the parties desire to enter into a split-dollar agreement in order to provide insurance protection for the benefit of the Employee;

NOW THEREFORE, in consideration of the services heretofore rendered and to be rendered by the Employee and of the mutual covenants contained herein, the parties hereto agree as follows:

1. **PURCHASE OF INSURANCE.** The Employer shall apply to Principal Life Insurance Company, Des Moines, Iowa, hereafter called the "Insurer," for an insurance policy on the life of the Employee, in the face amount of \$_____ (amount may also be written out), on the EVUL plan, (the "Policy") and shall be designated as sole owner of the Policy subject to the conditions hereafter set forth.
2. **PREMIUMS.** [Planned Periodic Premiums] shall be paid by the Employer [monthly] as they become due.
3. **BENEFICIARY PROVISIONS.** The beneficiary provisions of the Policy shall provide that upon the death of the Employee the proceeds shall be paid as follows:
 - A. PART A. To the Employer, the balance of the proceeds in excess of PART B.
 - B. PART B. Ten percent (10%) of the net death benefit payable under the Policy to (Name) , (Relationship) of the Employee, if living, otherwise to (Name) , (Relationship) of the Employee. The Employee may, without the consent of any other person or legal entity, change the beneficiary with respect to PART B of the proceeds.
 - C. The transfer of all rights under both PART A and PART B to a single individual, identical group of individuals, or a single entity, whether presently a party to this split-dollar agreement or the designee of a party to the agreement, shall

terminate any limitation on the policyowner's right to change the beneficiary designation of either PART A or PART B of the proceeds and thereafter the policyowner may designate the beneficiary of the entire proceeds and exercise all other privileges of ownership without restriction.

4. **FIDUCIARY PROVISIONS.** The Management Compensation Committee of Employer (Attention: Senior Vice President, Human Resources) is hereby designated as the "Named Fiduciary" for the split-dollar program (hereafter called the "Program") established by this Agreement, and he or she shall have the authority to control and manage the operation and administration of such Program.
5. **ALLOCATION OF FIDUCIARY RESPONSIBILITIES.** The Named Fiduciary may allocate his or her responsibilities for the operation and administration of the Program, including the designation of persons to carry out fiduciary responsibilities under the Program. The Named Fiduciary shall effect any such allocation of his or her responsibilities by delivering to the Employer a written instrument signed by him or her that specifies the nature and extent of the responsibilities allocated, including the persons who are designated to carry out those fiduciary responsibilities under the Program, together with a signed acknowledgment of their acceptance.
6. **PROGRAM ADMINISTRATOR.** The Named Fiduciary is hereby designated as the "Program Administrator" of this Program.
7. **CLAIMS PROCEDURE.** The following claims procedure shall apply to the Program:
 - a. **Filing of a Claim for Benefits.** The Employee or the beneficiaries of the Policy shall make a claim for the benefits provided under the Policy in the manner provided in the Policy.
 - b. **Claim Approval or Denial With Respect to Program Benefits.** With respect to a claim for benefits, the Program Administrator shall review and make decisions on claims for benefits. The Program Administrator shall have complete and sole discretionary authority to determine eligibility for benefits and to construe the terms of the Program.
 - c. **Notification to Claimant of Decision.** If a claim is wholly or partially denied, notice of the decision, meeting the requirements of paragraph d. following, shall be furnished to the claimant within a reasonable period of time after the claim has been filed.
 - d. **Content of Notice.** The Program Administrator shall provide to any claimant whose claim for benefits is denied in whole or in part a written notice setting forth, in a manner calculated to be understood by the claimant, the following:
 - (1) the specific reason or reasons for the denial or partial denial;
 - (2) specific reference to pertinent Policy or Program provisions on which the denial is based;

- (3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (4) an explanation of the Program's claim review procedure, as set forth in paragraphs e. and f. following.

e. Review Procedure. The purpose of the review procedure set forth in this paragraph and in paragraph f. following is to provide a procedure by which a claimant under the Program may have a reasonable opportunity to appeal a denial or partial denial of a claim and request a full and fair review. To accomplish that purpose, the claimant or a duly authorized representative:

- (1) may request a review by written application to the Program Administrator;
- (2) may review pertinent Program documents or agreements; and
- (3) may submit issues and comments in writing.

A claimant (or duly authorized representative) shall request a review at any time within sixty (60) days by filing a written application after receipt by the claimant of written notice of the denial of his or her claim.

f. Decision on Review. A decision on review of a denial of a claim shall be made in the following manner.

- (1) The decision on review shall be made by the Program Administrator, which may in his or her discretion hold a hearing on the denied claim. The Program Administrator shall make his or her decision promptly, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.
- (2) The decision on review shall be in writing, and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Policy or Program provisions on which the decision is based.

8. TERMINATION OF AGREEMENT. Either party hereto, with or without the consent of the other, may terminate this Agreement by giving notice of termination in writing. Termination of employment or failure of the Employer to advance premiums as agreed shall automatically terminate this Agreement. Upon termination of the Agreement for any reason the Employee shall have the right to purchase the Policy from the Employer. The purchase price of the Policy shall be the accumulated value, less any policy loan indebtedness. In the event of purchase by the Employee, the Employer agrees to execute such documents as may be necessary to transfer sole and complete ownership of the Policy to the Employee.

9. **FAILURE TO PURCHASE.** In the event the Employee does not exercise his/her right to purchase the Policy within 30 days following the termination of this Agreement, the Employee agrees to execute such documents as may be necessary to release or transfer his/her interest in the Policy, including the right to name the beneficiary of the Policy as provided under Article 3.B. hereof, to the Employer.
10. **LIABILITY OF INSURANCE COMPANY.** It is understood by the parties hereto that in issuing the Policy, the Insurer shall have no liability except as set forth in the Policy. The Insurer shall not be bound to inquire into or take notice of any of the covenants herein contained as to the Policy or as to the application of the proceeds of the Policy. Rights under the Policy may be exercised during the life of the Employee pursuant to the provisions of the Policy. Upon the death of the Employee, the Insurer shall be discharged from all liability on payment of the proceeds in accordance with the Policy provisions and without regard to this Agreement or any amendment hereof.
11. **BINDING EFFECT OF AGREEMENT.** This Agreement shall be binding upon the parties hereto, their heirs, assigns, successors, executors and administrators. In the event the Employer becomes a party to any merger, consolidation or reorganization, this Agreement shall remain in full force and effect as an obligation of the Employer or its successors in interest.
12. **GOVERNING LAW.** This Agreement shall be governed and construed in accordance with the laws of the State of _____.
13. **AMENDMENTS.** Amendments may be made to this Agreement by a written agreement signed by each of the parties and attached hereto. Additional policies of insurance on the life of the Employee may be purchased under this Agreement by amendment to Article 1. hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals, the Employer by its duly authorized officer, on the day and year above written.

(Signature of Employee)

(Name)

(Name of Employer)

BY _____ (Signature of Officer)

(Name)

ENCORE CAPITAL GROUP, INC.
RESTRICTED STOCK UNIT GRANT NOTICE
(2005 STOCK INCENTIVE PLAN)

Encore Capital Group, Inc. (the "Company"), pursuant to its 2005 Stock Incentive Plan (the "Plan"), hereby awards to Participant a Restricted Stock Unit award for the number of shares of the Company's Stock set forth below (the "Award"). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Restricted Stock Unit Agreement, both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Restricted Stock Unit Agreement. In the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Shares Subject to Award: _____
Consideration: Participant's Past Services
Fair Market Value per Share: \$ _____

Vesting Schedule: _____ . [In addition, the vesting of the shares shall accelerate upon the occurrence of the following events: _____.] Notwithstanding the foregoing, vesting shall terminate on upon the Participant's termination of Continuous Service.

Issuance Schedule: The shares will be issued in accordance with the issuance schedule set forth in Section 6 of the Restricted Stock Unit Agreement.

Additional Terms/Acknowledgements: The undersigned Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Restricted Stock Unit Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Restricted Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject.

ENCORE CAPITAL GROUP, INC.

PARTICIPANT:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

ATTACHMENTS: Restricted Stock Unit Agreement, 2005 Stock Incentive Plan

ATTACHMENT I

ENCORE CAPITAL GROUP, INC.
2005 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT – EXECUTIVE

Pursuant to the Restricted Stock Unit Grant Notice (“*Grant Notice*”) and this Restricted Stock Unit Agreement and in consideration of your past services, Encore Capital Group, Inc. (the “*Company*”) has awarded you a deferred issuance restricted stock award (the “*Award*”) under its 2005 Stock Incentive Plan (the “*Plan*”) for the number of shares of the Company’s Stock as indicated in the Grant Notice. Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. Defined terms not explicitly defined in this Restricted Stock Unit Agreement shall have the same meanings given to them in the Plan. In the event of any conflict between the terms in this Restricted Stock Unit Agreement and the Plan, the terms of the Plan shall control.

RECITALS

WHEREAS, Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) provides that deferred compensation arrangements (including, in this case, the Award) that do not comply with, among other things, the distribution requirements of Code Section 409A, are subject to an additional 20% tax, plus interest, on the distribution.

WHEREAS, Code Section 409A provides that the payment of the deferred compensation must not occur prior to: (i) termination of Continuous Service (as defined below), but “key employees” of publicly traded companies must wait an additional six months, (ii) Disability (as defined below), (iii) death, (iv) a fixed date (or dates) specified at the time of deferral, (v) a change in control, or (vi) the occurrence of an unforeseeable emergency.

WHEREAS, at the time the shares subject to your Award would otherwise be issued to you in connection with your termination of Continuous Service, you may be subject to the distribution limitations contained in Code Section 409A applicable to a “key employee” as defined in Code Section 416(i).

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto do hereby agree that the details of your Award are as follows:

1. VESTING.

- (a) **In General.** Subject to the limitations contained herein, your Award will vest in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Notwithstanding the foregoing, if you elect to defer receipt of the shares pursuant to Section 6(a) of this Restricted Stock Unit Agreement, then any shares subject to this Award that would otherwise

vest within the 12-month period following the Date of Grant indicated on your Grant Notice shall instead vest on the date that is 12 months following the date of your election to defer. For purposes of this Award, “*Continuous Service*” means that your service with the Company or an Affiliate, whether as an employee, director or consultant, is not interrupted or terminated. A change in the capacity in which you render service to the Company or an Affiliate as an employee, consultant or director or a change in the entity for which you render such service, provided that there is no interruption or termination of your service with the Company or an Affiliate, shall not terminate your Continuous Service. For example, a change in status from an employee of the Company to a consultant to an Affiliate or to a director shall not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or its compensation committee or any officer designated by the Board or its compensation committee, in that party’s sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to you, or as otherwise required by law.

- (b) **Vesting Acceleration.** Notwithstanding the foregoing, upon a Change of Control during your Continuous Service, or in the event that your Continuous Service is terminated due to your death or Disability, then your Award will immediately vest in full.

2. NUMBER OF SHARES. The number of shares subject to your Award may be adjusted from time to time for capitalization adjustments, as provided in the Plan.

3. SECURITIES LAW COMPLIANCE. You may not be issued any shares under your Award unless the shares are either: (i) then registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

4. LIMITATIONS ON TRANSFER. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Stock held by you under the Award until the shares are issued to you in accordance with Section 6 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws.

5. DIVIDENDS. You shall be entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares covered by your Award, provided that if any such dividends or distributions are paid in shares, the Fair Market Value of such shares shall be converted into additional shares covered by the Award, and further provided that such additional shares shall be subject to the same forfeiture restrictions and restrictions on transferability as apply to the shares subject to the Award with respect to which they relate.

6. DATE OF ISSUANCE.

- (a) The Company will deliver to you a number of shares of the Company's Stock equal to the number of vested shares subject to your Award, including any additional shares received pursuant to Section 5 above that relate to those vested shares on the vesting date or dates provided in your Grant Notice; [provided, however, that if the first vesting date occurs no sooner than 12 months following the Date of Grant specified in your Grant Notice and if, within the 30-day period following the Date of Grant indicated on your Grant Notice, you elect to defer delivery of such shares of Common Stock beyond the vesting date, then the Company will deliver such shares to you on the date or dates that you so elect (the "**Settlement Date**"). Notwithstanding the foregoing, in the event of your termination of Continuous Service prior to the Settlement Date, such vested shares of Common Stock shall instead be delivered to you on the date of your termination of Continuous Service. If such deferral election is made, the Committee shall, in its sole discretion, establish the rules and procedures for such election which shall be evidenced by a Restricted Stock Unit Election Agreement.
- (b) Notwithstanding anything to the contrary set forth herein, if at the time the shares would otherwise be issued to you as a result of your termination of Continuous Service, you are subject to the distribution limitations contained in Code Section 409A applicable to "key employees" as defined in Code Section 416(i), share issuances to you as a result of your termination of Continuous Service shall not be made before the date which is six (6) months following the date of your termination of Continuous Service, or, if earlier, the date of your death that occurs within such six (6) month period.

7. RESTRICTIVE LEGENDS. The shares issued under your Award shall be endorsed with appropriate legends determined by the Company.

8. AWARD NOT A SERVICE CONTRACT.

- (a) Your Continuous Service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Restricted Stock Unit Agreement

(including, but not limited to, the vesting of your Award pursuant to the schedule set forth in Section 2 herein), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Restricted Stock Unit Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Restricted Stock Unit Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

- (b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in Section 2 is earned only by continuing as an employee, director or consultant at the will of the Company (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “reorganization”). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Restricted Stock Unit Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Restricted Stock Unit Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company’s right to terminate your Continuous Service at any time, with or without cause and with or without notice.

9. WITHHOLDING OBLIGATIONS.

- (a) On or before the time you receive a distribution of shares pursuant to your Award, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and/or any other amounts payable to you, and otherwise agree to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with your Award.

- (b) Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to issue the shares of Stock subject to your Award.

10. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

11. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

12. MISCELLANEOUS.

- (a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Company.
- (b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.
- (c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

13. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

14. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid

shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

15. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

16. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.