UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(Amendment No.1)

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

Date of Report (Date of earliest event reported): June 7, 2005

Encore Capital Group, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	000-26489	48-1090909
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S Employer Identification No.)

8875 Aero Drive, Suite 200
San Diego, California 92123
(Address of Principal Executive Offices) (Zip Code)

(877) 445-4581
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

Item 2.01 Completion of Acquisition or Disposition of Assets.

This Current Report on Form 8-K/A amends the Current Report on Form 8-K filed on June 8, 2005 to include the financial statements and pro forma information required by Item 9.01 of Form 8-K.

The Current Report on Form 8-K filed on June 8, 2005 reported, among other things, that on June 7, 2005 the Company, through its subsidiaries, pursuant to an agreement entered into on June 2, 2005, had completed the acquisition of certain assets, including receivable portfolios, from Jefferson Capital Systems, LLC, a subsidiary of CompuCredit Corporation, for a total purchase price of approximately $142.8 million in cash.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The following financial statements of the business acquired are filed with this report as Exhibit 99.1:

Audited carve out financial statements of Jefferson Capital Systems, LLC as of and for the years ended December 31, 2004 and 2003, which comprise the carve out statements of operations, the carve out balance sheets, the carve out statements of cash flow, the carve out statement of parent's equity and the related notes thereto.

(b) Pro Forma Financial Information.

The following unaudited pro forma condensed consolidated financial information for Encore Capital Group, Inc. is attached hereto as Exhibit 99.2:

(i) Unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2005.

(ii) Unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2004.

(iii) Notes to unaudited pro forma condensed consolidated statements of operations.

(c) The following exhibits are filed herewith:

23.1 Consent of BDO Seidman, LLP

99.1 Audited carve out financial statements of Jefferson Capital Systems, LLC

99.2 Unaudited pro forma condensed consolidated financial information

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SIGNATURE

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

ENCORE CAPITAL GROUP, INC.

Date: August 22, 2005

/s/ Paul Grinberg

Paul Grinberg
Executive Vice President,
Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit	Description
23.1	Consent of BDO Seidman, LLP
99.1	Audited consolidated financial statements of the business acquired
99.2	Unaudited pro forma condensed consolidated financial information

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to Form 8-K No. 000-26489 of Encore Capital Group, Inc. of our report dated August 10, 2005, relating to the carve out financial statements of Jefferson Capital Systems, LLC as of and for the years ended December 31, 2004 and 2003.

/s/ BDO Seidman, LLP

Costa Mesa, California
August 19, 2005

EXHIBIT 99.1

Report of Independent Registered Public Accounting Firm

Board of Directors
Jefferson Capital Systems, LLC

We have audited the accompanying carve out balance sheets of Jefferson Capital Systems, LLC, (the "carve out Company") a wholly-owned subsidiary of CompuCredit Corporation, as of December 31, 2004 and 2003, and the related carve out statements of operations, parent's equity, and cash flows for the years then ended. These financial statements are the responsibility of the carve out Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The carve out Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the carve out Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the accompanying carve out financial statements of Jefferson Capital Systems, LLC ("Jefferson Capital") reflect the balances and activity in certain previously charged off receivables that were sold to Encore Capital Group, Inc. pursuant to an agreement entered into on June 2, 2005. To present the comparative financial position, results of operations, and changes in cash flows for all accounts comprising the carve out Company in the accompanying carve out financial statements before June 2, 2005, the sold accounts were separated from other accounts retained by Jefferson Capital for the period beginning January 1, 2003 and ending on December 31, 2004 (the "carve out period").

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the carve out Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO Seidman, LLP
August 10, 2005

Jefferson Capital System, LLC

Carve Out Balance Sheets

December 31,	**2004**	2003
	(Dollars in thousands)	
Assets		
Investments in previously charged off receivables	**$ 18,371**	$ 10,642
Software and equipment, net	**22**	9
Deferred tax asset	**544**	790
Prepaid expenses and other assets	**374**	-
Total assets	**$** 19,311	$ 11,441
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	**$ 383**	$ 420
Accounts payable to parent	**1,546**	295
Total liabilities	**1,929**	715
Parent's equity		
Parent's equity in net assets	**17,382**	10,726
Total liabilities and parent's equity	**$ 19,311**	$ 11,441

See accompanying notes to carve out financial statements.

Jefferson Capital System, LLC

Carve Out Statements of Operations

Years ended December 31,	**2004**	2003
	(Dollars in thousands)	

Income from collections on previously charged off receivables	**$ 7,456**	$ 3,860
Operating expense		
Salaries and benefits	**205**	88
Collections - internal	**1,221**	922
Collections -third party	**4,893**	4,392
Depreciation	**25**	30
Rent	**37**	28
Accounting and legal	**71**	68
Phone and utilities	**104**	54
Other selling, general and administrative	**304**	188
Total operating expense	**6,860**	5,770
Income (loss) before income taxes	**596**	(1,910)
Income tax (expense) benefit	**(246)**	790
Net income (loss)	**$ 350**	$ (1,120)

See accompanying notes to carve out financial statements.

Jefferson Capital System, LLC

Carve Out Statements of Parent's Equity

	Contributions	Accumulated Deficit	Total Parent's Equity
		(Dollars in thousands)	
Balance, January 1, 2003	$ -	$ -	$ -
Contributions from parent	11,846	-	11,846
Net loss	-	(1,120)	(1,120)
Balance, December 31, 2003	11,846	(1,120)	10,726
Contributions from parent	6,306	-	6,306
Net income	-	350	350
Balance, December 31, 2004	$ 18,152	$ (770)	$ 17,382

See accompanying notes to carve out financial statements.

Jefferson Capital System, LLC

Carve Out Statements of Cash Flows

Years ended December 31,	**2004**	2003
	(Dollars in thousands)	
Operating activities		
Net income (loss)	**$ 350**	$ (1,120)
Adjustments to reconciled net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	**25**	30
Provision (benefit) for deferred taxes	**246**	(790)
Changes in assets and liabilities:		
Increase in prepaid expenses and other assets	**(374)**	-
(Decrease) increase in accounts payable and accrued expenses	**(37)**	420
Increase in accounts payable to parent	**1,251**	295
Net cash provided by (used in) operating activities	**1,461**	(1,165)
Investing activities		
Investments in previously charged off receivables	**(20,906)**	(21,644)
Proceeds from collections on previously charged off receivables	**13,177**	11,002
Purchases of software and equipment	**(38)**	(39)

Net cash used in investing activities	**(7,767)**	(10,681)
Financing activity		
Contributions from parent	**6,306**	11,846
Net increase in cash	**-**	-
Cash and cash equivalents, beginning of year	**-**	-
Cash and cash equivalents, end of year	**$ -**	$ -

See accompanying notes to carve out financial statements.

Jefferson Capital System, LLC

Notes to Carve Out Financial Statements

1. Description of Business

The accompanying carve out financial statements of Jefferson Capital Systems, LLC (the "carve out Company") reflect the balances and activity in certain previously charged off receivables that were sold to Encore Capital Group, Inc. ("Encore") pursuant to the Asset Purchase and Forward Flow Agreement (the "Agreement") entered into by Encore and Jefferson Capital Systems, LLC ("Jefferson Capital") on June 2, 2005. Prior to June 2, 2005, the accounts were included in the balances of Jefferson Capital, a subsidiary of CompuCredit Corporation ("CompuCredit"). To present the comparative financial position, results of operations, and changes in cash flows for all accounts comprising the Company in the accompanying carve out financial statements before June 2, 2005, the sold accounts were separated from other accounts retained by Jefferson Capital during the period beginning January 1, 2003 and ending on December 31, 2004 (the "carve out period").

CompuCredit is a provider of various credit and related financial services and products to, or associated with, the underserved (or sub-prime) and "un-banked" consumer markets. In late 2002, CompuCredit formed Jefferson Capital as a debt collections subsidiary and began the process of obtaining the appropriate state licenses and meeting applicable regulatory requirements necessary for Jefferson Capital to hold itself out as a debt collector and a buyer of defaulted credit card accounts. Jefferson Capital now pursues, competitively bids for and acquires previously charged off credit card receivables.

The carve out financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and guidelines provided by Staff Accounting Bulletin 55, "Allocation of Expenses and Related Disclosures in Financial Statements of Subsidiaries, Divisions and Lesser Business Components of Another Entity" ("SAB No. 55") of the Securities and Exchange Commission ("SEC"). When preparing these carve out financial statements, management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from these estimates.

2. Significant Accounting Policies

The following is a summary of significant accounting policies followed in preparation of the carve out financial statements.

Investments in Previously Charged Off Receivables and Revenue Recognition

Investments in previously charged off receivables on the carve out balance sheets include the uncollected purchase price of charged off receivables purchased by the carve out Company. All of the carve out Company's acquisitions of previously charged off receivables have been from the securitization trusts serviced by CompuCredit. These receivables were acquired subject to a competitive bid process involving other potential third-party portfolio purchasers to ensure that all acquisitions have been at fair market prices.

Static pools consisting of homogenous accounts and receivables are established for each acquisition. Once a static pool is established, the receivables within the pool are not changed. Each static pool is recorded at cost and is accounted for as a single unit for payment application and income recognition purposes. The carve out Company accounts for its investments in previously charged off receivables by applying the cost recovery method on a portfolio-by-portfolio basis under the guidance of Practice Bulletin 6, "Amortization of Discounts on Certain Acquired Loans" ("PB 6"). Under the cost recovery method, income associated with a particular portfolio is not recognized until cash collections have exceeded the investment. Additionally, until such time as cash collected for a particular portfolio exceeds the investment in the portfolio, the carve out Company will incur commission costs and other internal and external servicing costs associated with the cash collections on the portfolio investment that will be charged as an operating expense without any offsetting income amounts.

Cash and Cash Equivalents

CompuCredit provides cash as needed for investments in previously charged off receivables and to support the operations of the carve out Company and collects cash as the carve out Company receives it from its customers. Consequently, the accompanying carve out balance sheets do not include any cash balances.

No portion of CompuCredit's debt was specifically established to support the operations of Jefferson Capital. Thus, the accompanying carve out statements of operations include no interest income from CompuCredit on the net cash provided by the carve out Company, or interest expense on temporary use of cash provided by CompuCredit.

Software and Equipment

Software and equipment are stated at cost less accumulated depreciation or amortization. Depreciation and amortization expenses are computed using the straight-line method over the estimated useful lives of the assets, which are approximately 3 years for software and 5 years for equipment. Management periodically reviews these assets to determine if any impairment, other than a temporary impairment, exists. There were no such impairments in the periods presented. Software and equipment consist of the following:

December 31,	**2004**	2003
	(In thousands)	
Software	**$ 40**	$ 6
Data processing and telephone equipment	**37**	33
Total cost	**77**	39
Accumulated depreciation	**(55)**	(30)
Software and equipment, net	**$ 22**	$ 9

Collection Expenses

Internal

Collection expenses primarily include collections personnel. These costs are expensed when incurred, or in the case of prepaid costs, over the respective service period.

Third Party

Third party collection expenses are for commissions to collections agencies. These costs are expensed when incurred, which coincide when collections are remitted to the carve out Company.

Income Taxes

In 2004 and 2003, Jefferson Capital joined in the consolidated income tax filings of CompuCredit. The income tax provision included in the carve out financial statements is accounted for as if the carve out Company were a separate entity, stand-alone filer in its respective tax jurisdictions pursuant to Statement of Financial Accounting Standard No. 109, “Accounting for Income Taxes” (“Statement No. 109”). The calculation of the income tax provision is based on the liability method required by Statement No. 109. Under the liability method, deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Jefferson Capital is a single member LLC, which historically has not reimbursed or been reimbursed from its parent for income tax liabilities. Therefore, these carve out financial statements do not include cash paid for income taxes.

3. Related Party Transactions

Investments in Previously Charged Off Receivables

All of the carve out Company’s acquisitions of previously charged off credit card receivables have been from the securitization trusts serviced by CompuCredit. These receivables were acquired subject to a competitive bid process involving other potential third-party portfolio purchasers to ensure that all acquisitions have been at fair market prices. The acquisition amounts for the years ended December 31, 2004 and 2003 were $20,906,377 and $21,643,729, respectively.

Leases

Included in the rent expense on the accompanying carve out statements of operations is a charge for leasing premises from FMT Services, Inc. (“FMT”), a wholly owned subsidiary of CompuCredit. Total rental expense was $36,839 and $27,717 for the years ended December 31, 2004 and 2003, respectively.

Allocation of Costs

The carve out financial statements have been prepared in accordance with SAB No. 55. These rules require allocations of costs for salaries and benefits, depreciation, rent, accounting and legal services, and other selling, general and administrative expenses. Jefferson Capital operates within the same facility as FMT. During 2004 and 2003, FMT allocated costs to Jefferson Capital as follows: (1) salary and benefit expenses directly based on employees servicing Jefferson Capital; (2) collections, depreciation, rent and utilities based on the number of full time employee equivalents serving Jefferson Capital; and (3) management and administrative expenses based on a predetermined percentage of time spent supporting Jefferson Capital.

For carve out financial statement presentation, management has only included in the accompanying statements of operations the amounts they believe would have been necessary to operate the carve out Company autonomously. CompuCredit controls other entities that provide services to the carve out Company. In the opinion of management, these related party transactions are conducted under terms which approximate those which could be obtained from third parties. The above costs allocated from FMT to Jefferson Capital were allocated to the carve out Company based upon the percentage of total collections received on accounts retained by Jefferson Capital versus the collections on the sold accounts for both periods presented.

Employee Benefit Plan

CompuCredit has a 401(k) plan. All full time employees of the carve out Company are eligible to participate in CompuCredit's 401(k) plan. The 401(k) plan provides for a matching contribution by CompuCredit, which amounted to approximately $29,000 and $30,000 in 2004 and 2003, respectively, and are included in salaries and benefits in the accompanying carve out statements of operations.

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4. Income Taxes

Income tax expense or benefit is calculated by applying the effective income tax rate of 41.4% to income or loss before income taxes. The income tax expense or benefit is composed entirely of deferred tax expense or benefit with no components of current tax expense or benefit.
The reconciling difference between the effective income tax rate and the statutory U.S. Federal income tax rate of 35% results from the impact of state income taxes for the years ended December 31, 2004 and 2003.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred tax assets as of December 31, 2004 and 2003 of $543,638 and $790,013, respectively, consist solely of net operating loss carryforwards generated in the carve out Company's initial year of operations.

5. Commitments and Contingencies

Jefferson Capital is subject to various legal proceedings and claims that arise in the ordinary course of business. There are no material pending legal proceedings to which Jefferson Capital is a party.

6. Subsequent Event

Pursuant to the Agreement between Encore and Jefferson Capital entered into on June 2, 2005, Jefferson Capital sold a portfolio of charged off credit card receivables having a face amount of approximately $2.8 billion, as adjusted, to Encore and agreed to sell Encore up to $3.25 billion in face amount of future charged-off credit card receivable acquisitions at established pricing over the next five years (the "Forward Flow Contract"). Pursuant to the Forward Flow Contract, Jefferson Capital is expected to purchase previously charged off credit card receivables from CompuCredit and related parties for delivery to Encore over the life of the contract. Any shortfalls in delivery of the required minimum periodic dollar amounts of previously charged off receivables to Encore could result in Jefferson Capital being required to return a portion of the purchase price related to the Forward Flow Contract.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

The following unaudited pro forma condensed consolidated statements of operations give effect to Encore Capital Group, Inc's acquisition of certain assets from Jefferson Capital Systems, LLC ("Jefferson Capital"). In these unaudited pro forma condensed consolidated financial statements, Encore Capital Group, Inc. is referred to as "we," "us," "our," and "Encore."

On June 7, 2005, pursuant to an agreement entered into on June 2, 2005, the Company acquired certain assets, including receivable portfolios, from Jefferson Capital Systems, LLC ("Jefferson Capital"), a subsidiary of CompuCredit Corporation. As part of the acquisition, the Company acquired a portfolio of charged-off consumer credit card debt with a face value of approximately $2.8 billion (the "Portfolio Purchase"), entered into a forward flow agreement to purchase a minimum of $3.0 billion and up to $3.25 billion in face value of credit card charge-offs from Jefferson Capital over a five-year period beginning in July 2005 at a fixed price (the "Forward Flow") and entered into an agreement to offer employment to approximately 120 employees of Jefferson Capital (the "Employment Offer") at its collection site in St. Cloud, Minnesota in September 2005, after completion of a three-month transition period. In addition, the Company entered into a two-year agreement to sell Chapter 13 bankruptcies to Jefferson Capital based on a pre-set pricing schedule (the "BK Sales Agreement") and agreed to provide Jefferson Capital with a prescribed number of accounts on a monthly basis for its balance transfer program, also on a pre-set pricing schedule (the "Balance Transfer Agreement"). The Portfolio Purchase, Forward Flow, Employment Offer, BK Sales Agreement and Balance Transfer Agreement are collectively referred to as the "Acquisition" or the "Business" acquired from Jefferson Capital.

The Acquisition was accounted for as a business combination in accordance with Statement of Financial Accounting Standards No. 141 "*Business Combinations*" and accordingly, the tangible and intangible assets acquired were recorded at their estimated fair values as of the date of the Acquisition. The final allocation of the purchase price is pending completion of a third party valuation of the assets acquired. Depending on the outcome of that valuation the preliminary purchase price allocation could change .

The following unaudited pro forma condensed consolidated statements of operations have been prepared to assist you in your analysis of the financial effects of the Acquisition, and have been presented in accordance with the accounting principles generally accepted in the United States of America ("US GAAP"). The unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2005, combines the historical results of Encore for the six months ended June 30, 2005, and the historical results of the Business acquired from Jefferson Capital for the period from January 1, 2005 through the date of acquisition on June 7, 2005, as if the Acquisition had occurred on January 1, 2005. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2004, combines the historical results of Encore for the year ended December 31, 2004, and the historical results of the Business acquired from Jefferson Capital for the year ended December 31, 2004, as if the Acquisition had occurred on January 1, 2004.

Encore's information was derived from its unaudited condensed consolidated financial statements for the quarterly period ended June 30, 2005, and its audited consolidated financial statements for the year ended December 31, 2004. These unaudited and audited consolidated financial statements are included in Encore's Form 10-Q, filed on August 4, 2005, and in Encore's Form 10-K, filed on March 3, 2005, respectively.

Jefferson Capital's information was derived from its unaudited carve out financial statements for the period from January 1, 2005 through the date of acquisition on June 7, 2005, and its audited carve out financial statements for the year ended December 31, 2004.

The unaudited pro forma condensed consolidated statements of operations do not reflect any operating efficiencies and cost savings that we may achieve as a result of the Acquisition, nor any expense associated with achieving those benefits.

The unaudited pro forma condensed consolidated statements of operations presented are based on the assumptions and adjustments described in the accompanying notes. The unaudited pro forma condensed consolidated statements of operations are presented for illustrative purposes and are not necessarily indicative of what our results of operations actually would have been if the Acquisition had occurred as of the dates indicated, nor are they necessarily indicative of results of operations for any future periods. The unaudited pro forma condensed consolidated statements of operations, and the accompanying notes, should be read in conjunction with the historical consolidated financial statements, and the accompanying notes, contained in the annual reports and other information that Encore has filed with the Securities and Exchange Commission.

ENCORE CAPITAL GROUP, INC.
UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2005
(In thousands, except per share data)

	Historical Encore	Historical Jefferson Capital Carve Out	Pro Forma Adjustments		Pro Forma
Revenue	$104,234	$ 5,759	$ 10,614	(A)	$120,607
Operating expenses:					
Salaries and employee benefits	24,975	153	-		25,128
Cost of legal collections	16,987	-	-		16,987
Other operating expenses	8,792	883	-		9,675
Collection agency commissions	5,486	3,683	-		9,169
General and administrative expenses	5,027	345	-		5,372
Depreciation and amortization	928	15	-		943
Total operating expenses	62,195	5,079	-		67,274
Income before other income (expense) and income taxes	42,039	680	10,614		53,333
Other income (expense)					

Interest expense	(16,471)	-	(4,212)	(B)	(20,683)
Other income	608	-	-		608
Income before income taxes	26,176	680	6,402		33,258
Provision for income taxes	(10,627)	(281)	(2,594)	(C)	(13,502)
Net income	$ 15,549	$ 399	$ 3,808		$ 19,756
Weighted average shares outstanding	22,257				22,257
Incremental shares from assumed conversion of stock options	1,309				1,309
Adjusted weighted average shares outstanding	23,566				23,566
Earnings per share:					
Basic	$ 0.70				$ 0.89
Diluted	$ 0.66				$ 0.84

See accompanying notes to unaudited pro forma condensed consolidated statements of operations.

ENCORE CAPITAL GROUP, INC.
UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2004
(In thousands, except per share data)

	Historical Encore	Historical Jefferson Capital Carve Out	Pro Forma Adjustments		Pro Forma
Revenue	$178,475	$ 7,456	$ 21,949	(A)	$207,880
Operating expenses:					
Salaries and employee benefits	47,193	205	-		47,398
Cost of legal collections	28,202	-	-		28,202
Other operating expenses	13,645	1,221	-		14,866
Collection agency commissions	4,786	4,893	-		9,679
General and administrative expenses	9,212	516	-		9,728
Depreciation and amortization	1,951	25	-		1,976
Total operating expenses	104,989	6,860	-		111,849
Income before other income (expense) and income taxes	73,486	596	21,949		96,031
Other income (expense)					
Interest expense	(35,330)	-	(10,110)	(B)	(45,440)
Other income	690	-	-		690
Income before income taxes	38,846	596	11,839		51,281
Provision for income taxes	(15,670)	(246)	(4,770)	(C)	(20,686)
Net income	$ 23,176	$ 350	$ 7,069		$ 30,595
Weighted average shares outstanding	22,072				22,072
Incremental shares from assumed conversion of stock options	1,409				1,409
Adjusted weighted average shares outstanding	23,481				23,481
Earnings per share:					
Basic	$ 1.05				$ 1.39
Diluted	$ 0.99				$ 1.30

See accompanying notes to unaudited pro forma condensed consolidated statements of operations.

ENCORE CAPITAL GROUP, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED STATEMENTS OF 0PERATIONS

Note 1 – Basis of Presentation

The unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2005, combines the historical results of Encore for the six months ended June 30, 2005, and the historical results of the Business acquired from Jefferson Capital for the period from January 1, 2005 through the date of acquisition on June 7, 2005, as if the Acquisition had occurred on January 1, 2005. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2004, combines the historical results of Encore for the year ended December 31, 2004, and the historical results of the Business acquired from Jefferson Capital for the year ended December 31, 2004, as if the Acquisition had occurred on January 1, 2004.

Jefferson Capital's audited financial statements as of and for the years ended December 31, 2004 and 2003, have been filed as Exhibit 99.1 to this report.

You should not rely on the unaudited condensed consolidated statement of operations data as being indicative of the historical results that would have occurred had Encore and the Business acquired from Jefferson Capital been combined during these periods or the future results that may be achieved after the Acquisition.

Note 2 – Preliminary Allocation of Purchase Price

The Company's preliminary allocation of the purchase price is summarized as follows (in thousands):

Investment in receivable portfolios	$ 95,708
Forward flow asset	42,152
Goodwill	5,000
Total purchase price	$142,860

The final allocation of the purchase price is pending completion of a third party valuation of the assets acquired. Depending on the outcome of that valuation the preliminary purchase price allocation could change.

Note 3 – Pro Forma Adjustments

The following pro forma adjustments are based on our preliminary allocation of the Jefferson Capital purchase price to acquired assets:

(A) To convert the revenue recognition method from the cost recovery method used by Jefferson Capital to the accretion method used by Encore.

(B) To record interest expense associated with borrowings incurred to fund the Acquisition of $142.9 million at an interest rate of 6.5% per annum and amortization of $2.5 million in deferred loan fees over a three-year period.

(C) Reflects (i) the recording of an income tax provision on the additional income before income taxes and (ii) the adjustment of the effective tax rate to Encore's rate.