

**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): October 19, 2007

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 (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 1.01 Entry into a Material Definitive Agreement.

On October 19, 2007, we entered into an amendment to our Credit Agreement, dated June 7, 2005 (the "Credit Agreement") with JPMorgan Chase Bank, N.A. and the lenders that are parties to the Credit Agreement. The amendment changes the definition of "change of control" in the Credit Agreement to exclude from that definition acquisitions of stock by Red Mountain Capital Partners LLC ("Red Mountain"), JCF FPK I LP ("JCF FPK") and their respective affiliates. The amendment was entered into in contemplation of the Shareholders' Agreement between JCF FPK, Red Mountain Capital Partners II, L.P. and Red Mountain Capital Partners III, L.P., dated October 19, 2007 (the "Shareholders' Agreement"), as reported on Amendment No. 3 to Schedule 13D filed with the SEC by Red Mountain on October 22, 2007 and Amendment No. 3 to Schedule 13D filed by JCF FPK, JCF Associates II-A LP, JCF Associates II-A LLC and J. Christopher Flowers on October 22, 2007. As a result of the amendment, the execution of the Shareholders' Agreement will not constitute an event of default under the Credit Agreement.

The above summary of the amendment is qualified in its entirety by reference to the copy of the amendment attached hereto as Exhibit 10.1 and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Amendment No. 5 to the Credit Agreement dated as of June 7, 2005 among Encore Capital Group, Inc., the Lenders parties thereto and JPMorgan Chase Bank, N.A. as Administrative Agent, effective as of October 19, 2007

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: October 22, 2007

/s/ Paul Grinberg

Paul Grinberg

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
10.1	Amendment No. 5 to the Credit Agreement dated as of June 7, 2005 among Encore Capital Group, Inc., the Lenders parties thereto and JPMorgan Chase Bank, N.A. as Administrative Agent, effective as of October 19, 2007

AMENDMENT NO. 5

Dated as of October 19, 2007

to

CREDIT AGREEMENT

Dated as of June 7, 2005

THIS AMENDMENT NO. 5 ("Amendment") is made as of October 19, 2007 by and among Encore Capital Group, Inc. (the "Borrower"), the financial institutions listed on the signature pages hereof (the "Lenders") and JPMorgan Chase Bank, National Association, as Administrative Agent (the "Agent"), under that certain Credit Agreement dated as of June 7, 2005 by and among the Borrower, the Lenders and the Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Borrower has requested that the Lenders and the Agent agree to certain amendments to the Credit Agreement;

WHEREAS, the Lenders party hereto and the Agent have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders party hereto and the Agent have agreed to enter into this Amendment.

1. Amendment to Credit Agreement. Effective as of the date of satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is amended as follows:

The definition of Change of Control appearing in Article I of the Credit Agreement is amended and restated in its entirety to read as follows:

"Change of Control" means (i) the acquisition by any Person, or two or more Persons acting in concert (other than Red Mountain Capital Partners LLC, JCF FPK I LP or any affiliate thereof), of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of the Borrower; (ii) other than pursuant to a transaction permitted hereunder, the Borrower shall cease to own, directly or indirectly and free and clear of all Liens or other encumbrances, all of the outstanding shares of voting stock of the Guarantors on a fully diluted basis; or (iii) the majority of the Board of Directors of the Borrower fails to consist of Continuing Directors. The Permitted Restructuring shall not constitute a Change of Control.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) the Agent shall have received (i) counterparts of this Amendment duly executed by the Borrower, the Required Lenders and the Agent and the Consent and Reaffirmation attached hereto duly executed by the Guarantors and (ii) such other instruments and documents as are reasonably requested by the Agent and (b) the Borrower shall have paid, to the extent invoiced, all expenses of the Agent (including attorneys' fees and expenses) in connection with this Amendment and the other Loan Documents.

3. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as amended hereby constitute legal, valid and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their terms.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) there exists no Default or Unmatured Default and (ii) the representations and warranties contained in Article V of the Credit Agreement, as amended hereby, are true and correct, except for representations and warranties made with reference solely to an earlier date.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit 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.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York, but giving effect to federal laws applicable to national banks.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

ENCORE CAPITAL GROUP, INC.,
as the Borrower

By: /s/ J. Brandon Black

Name: J. Brandon Black

Title: President & CEO

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

**JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION,**
as Administrative Agent, as LC Issuer and as a Lender

By: /s/ Steven J. Krakoski

Name: Steven J. Krakoski

Title: Senior Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

BANK OF SCOTLAND plc, as a Lender

By: /s/ Joseph Fratus

Name: Joseph Fratus

Title: First Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

BANK OF AMERICA, N.A., as a Lender

By: /s/ Gordon W. Wiens

Name: Gordon W. Wiens

Title: Sr. Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

By: /s/ Michael Powell

Name: Michael Powell

Title: Senior Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

GUARANTY BANK, as a Lender

By: /s/ Michael J. Ansolabehere

Name: Michael J. Ansolabehere

Title: Senior Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

FIRST BANK, as a Lender

By: /s/ Gil Hector

Name: Gil Hector

Title: Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

BANK LEUMI USA, as a Lender

By: /s/ Jacques Delvoye

Name: Jacques Delvoye

Title: First Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

MANUFACTURERS BANK, as a Lender

By: /s/ Maureen Kelly

Name: Maureen Kelly

Title: Vice President

Signature Page to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 5 to the Credit Agreement dated as of June 7, 2005 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") by and among Encore Capital Group, Inc. (the "Borrower"), the financial institutions from time to time party thereto (the "Lenders") and JPMorgan Chase Bank, National Association, in its individual capacity as a Lender and in its capacity as contractual representative (the "Agent"), which Amendment No. 5 is dated as of October 19, 2007 (the "Amendment"). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement. Without in any way establishing a course of dealing by the Agent or any Lender, each of the undersigned consents to the Amendment and reaffirms the terms and conditions of the Guaranty Agreement, the Pledge and Security Agreement and any other Loan Document executed by it and acknowledges and agrees that such agreement and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as the same may from time to time hereafter be amended, modified or restated.

Dated: October 19, 2007

[Signature Page Follows]

MIDLAND CREDIT MANAGEMENT, INC.,
as a Guarantor

By: /s/ J. Brandon Black
Name: J. Brandon Black
Title: President & CEO

ASCENSION CAPITAL GROUP, INC.,
as a Guarantor

By: /s/ J. Brandon Black
Name: J. Brandon Black
Title: Vice President

MIDLAND INTERNATIONAL LLC,
as a Guarantor

By: MIDLAND CREDIT MANAGEMENT,
INC., its Sole Member

By: /s/ J. Brandon Black
Name: J. Brandon Black
Title: President & CEO

MRC RECEIVABLES CORPORATION,
as a Guarantor

By: /s/ J. Brandon Black
Name: J. Brandon Black
Title: President

MIDLAND FUNDING NCC-2
CORPORATION, as a Guarantor

By: /s/ J. Brandon Black
Name: J. Brandon Black
Title: President

MIDLAND PORTFOLIO SERVICES, INC.,
as a Guarantor

By: /s/ J. Brandon Black
Name: J. Brandon Black
Title: President

MIDLAND FUNDING LLC,
as a Guarantor

By: /s/ J. Brandon Black
Name: J. Brandon Black
Title: President

Signature Page to Consent and Reaffirmation to Amendment No. 5
Encore Capital Group, Inc.
Credit Agreement dated as of June 7, 2005