

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

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934
(Amendment No. 3)*

ENCORE CAPITAL GROUP, INC.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

292554102

(CUSIP Number)

**Red Mountain Capital Partners LLC
Attn: Willem Mesdag
10100 Santa Monica Boulevard, Suite 925
Los Angeles, California 90067
Telephone (310) 432-0200**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

October 19, 2007

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1 NAME OF REPORTING PERSONS**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Partners LLC
73-1726370

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

- (a)
(b)

3 SEC USE ONLY**4 SOURCE OF FUNDS**

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

7 SOLE VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	3,435,062 shares (See Item 5)
	8 SHARED VOTING POWER
	None (See Item 5)
	9 SOLE DISPOSITIVE POWER
3,435,062 shares (See Item 5)	
10 SHARED DISPOSITIVE POWER	

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.9%* (See Item 5)

14 TYPE OF REPORTING PERSON

OO – Limited Liability Company

* Percent of class represented by amount in Row (11) is based on approximately 22,987,810 shares of Common Stock outstanding as of September 10, 2007, as reported in Encore's Proxy Statement, which was filed by Encore with the Securities and Exchange Commission on September 27, 2007.

1 NAME OF REPORTING PERSONS**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Partners II, L.P.
20-4117535

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

- (a)
(b)

3 SEC USE ONLY**4 SOURCE OF FUNDS**

WC (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

7 SOLE VOTING POWER

NUMBER OF 748,009 shares (See Item 5)
SHARES **8 SHARED VOTING POWER**

BENEFICIALLY None (See Item 5)
OWNED BY **9 SOLE DISPOSITIVE POWER**

EACH 748,009 shares (See Item 5)
REPORTING **10 SHARED DISPOSITIVE POWER**
PERSON
WITH

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

748,009 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.3%* (See Item 5)

14 TYPE OF REPORTING PERSON

PN – Limited Partnership

* Percent of class represented by amount in Row (11) is based on approximately 22,987,810 shares of Common Stock outstanding as of September 10, 2007, as reported in Encore's Proxy Statement, which was filed by Encore with the Securities and Exchange Commission on September 27, 2007.

1 NAME OF REPORTING PERSONS**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Partners III, L.P.
20-5329858

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

- (a)
(b)

3 SEC USE ONLY**4 SOURCE OF FUNDS**

WC (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

7 SOLE VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	2,687,053 shares (See Item 5)
	8 SHARED VOTING POWER
	None (See Item 5)
	9 SOLE DISPOSITIVE POWER
2,687,053 shares (See Item 5)	
10 SHARED DISPOSITIVE POWER	

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,687,053 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.7%* (See Item 5)

14 TYPE OF REPORTING PERSON

PN – Limited Partnership

* Percent of class represented by amount in Row (11) is based on approximately 22,987,810 shares of Common Stock outstanding as of September 10, 2007, as reported in Encore's Proxy Statement, which was filed by Encore with the Securities and Exchange Commission on September 27, 2007.

1 NAME OF REPORTING PERSONS**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**RMCP GP LLC
20-4442412**2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP**

- (a)
-
-
- (b)
-

3 SEC USE ONLY**4 SOURCE OF FUNDS**

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

7 SOLE VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	3,435,062 shares (See Item 5)	8 SHARED VOTING POWER
	None (See Item 5)	9 SOLE DISPOSITIVE POWER
	3,435,062 shares (See Item 5)	10 SHARED DISPOSITIVE POWER
	None (See Item 5)	

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.9%* (See Item 5)

14 TYPE OF REPORTING PERSON

OO – Limited Liability Company

* Percent of class represented by amount in Row (11) is based on approximately 22,987,810 shares of Common Stock outstanding as of September 10, 2007, as reported in Encore's Proxy Statement, which was filed by Encore with the Securities and Exchange Commission on September 27, 2007.

1 NAME OF REPORTING PERSONS**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Management, Inc.
13-4057186

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

- (a)
(b)

3 SEC USE ONLY**4 SOURCE OF FUNDS**

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

7 SOLE VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8 SHARED VOTING POWER	3,435,062 shares (See Item 5)
	9 SOLE DISPOSITIVE POWER	None (See Item 5)
	10 SHARED DISPOSITIVE POWER	3,435,062 shares (See Item 5)
		None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.9%* (See Item 5)

14 TYPE OF REPORTING PERSON

CO – Corporation

* Percent of class represented by amount in Row (11) is based on approximately 22,987,810 shares of Common Stock outstanding as of September 10, 2007, as reported in Encore's Proxy Statement, which was filed by Encore with the Securities and Exchange Commission on September 27, 2007.

1 NAME OF REPORTING PERSONS**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Willem Mesdag

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP(a) (b) **3 SEC USE ONLY****4 SOURCE OF FUNDS**

AF (See Item 3)

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **6 CITIZENSHIP OR PLACE OF ORGANIZATION**

U.S. Citizen

7 SOLE VOTING POWER

**NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH**

3,435,062 shares (See Item 5)

8 SHARED VOTING POWER

None (See Item 5)

9 SOLE DISPOSITIVE POWER

3,435,062 shares (See Item 5)

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,435,062 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

(See Item 2)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.9%* (See Item 5)

14. TYPE OF REPORTING PERSON

IN – Individual

* Percent of class represented by amount in Row (11) is based on approximately 22,987,810 shares of Common Stock outstanding as of September 10, 2007, as reported in Encore's Proxy Statement, which was filed by Encore with the Securities and Exchange Commission on September 27, 2007.

This Amendment No. 3 amends and supplements the Schedule 13D filed with the Securities and Exchange Commission (the "SEC") on April 16, 2007, as amended by Amendment No. 1 thereto, filed with the SEC on April 23, 2007, and Amendment No. 2 thereto, filed with the SEC on May 18, 2007 (together, this "Schedule 13D"), by (i) Red Mountain Capital Partners LLC, a Delaware limited liability company ("RMCP LLC"), (ii) Red Mountain Capital Partners II, L.P., a Delaware limited partnership ("RMCP II"), (iii) Red Mountain Capital Partners III, L.P., a Delaware limited partnership ("RMCP III"), (iv) RMCP GP LLC, a Delaware limited liability company ("RMCP GP"), (v) Red Mountain Capital Management, Inc., a Delaware corporation ("RMCM"), and (vi) Willem Mesdag, a natural person and citizen of the United States of America, with respect to the common stock, par value \$0.01 per share (the "Common Stock"), of Encore Capital Group, Inc., a Delaware corporation ("Encore"). RMCP LLC, RMCP II, RMCP III and RMCP GP are sometimes collectively referred to herein as "Red Mountain." Red Mountain, RMCM and Mr. Mesdag are sometimes collectively referred to herein as the "Reporting Persons." The filing of any amendment to this Schedule 13D (including the filing of this Amendment No. 3) shall not be construed to be an admission by the Reporting Persons that a material change has occurred in the facts set forth in this Schedule 13D or that such amendment is required under Rule 13d-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

ITEM 2. IDENTITY AND BACKGROUND.

Item 2 of this Schedule 13D is hereby amended to include the following information:

JCF FPK I LP, RMCP II and RMCP III (collectively, the "Shareholders") entered into a Shareholders' Agreement, dated as of October 19, 2007 (as may be amended, modified, supplemented or restated from time to time, the "Shareholders' Agreement"), pursuant to which the Shareholders agreed, among other things, to (i) vote in favor of each Shareholder's proposed removal or replacement of a related director, (ii) vote together with respect to certain actions submitted to a vote of the shareholders of Encore, (iii) refrain from transferring Common Stock (other than to an affiliate) without the consent of each of the other Shareholders, (iv) refrain from acquiring additional Common Stock unless certain conditions are met and (v) refrain from proposing or initiating a business combination transaction involving Encore without the consent of each of the other Shareholders.

The foregoing summary of the provisions of the Shareholders' Agreement is qualified by reference to the actual text of the Shareholders' Agreement. A copy of the Shareholders' Agreement is filed as Exhibit 4 hereto and is hereby incorporated by reference in its entirety in response to this Item 2.

As a result of the Shareholders' Agreement and the letter between JCF FPK I LP (together with its affiliates, "JCF FPK") and RMCP LLC, dated as of April 20, 2007 and disclosed in Amendment No. 1 to this Schedule 13D, the Reporting Persons and JCF FPK may be deemed to be a group within the meaning of Section 13(d)(3) of the Exchange Act, and deemed to be the beneficial owner of all of the shares of Common Stock owned by each of them. The Reporting Persons and JCF FPK are acting together with respect to Encore to the extent, but only to the extent, set forth in the Shareholders' Agreement. Other than as set forth in the Shareholders' Agreement, which supersedes any prior agreement or understanding between the Reporting Persons and JCF FPK, neither the Reporting Persons nor JCF FPK have any agreement or understanding with each other as to Encore, or any obligation to act in concert or otherwise on the same basis. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by any Reporting Person that it is the beneficial owner of any shares of Common Stock held by JCF FPK for purposes of Section 13(d) of the Exchange Act, and the Reporting Persons expressly disclaim such beneficial ownership. This Schedule 13D constitutes a separate filing by the Reporting Persons in accordance with Rule 13d-1(k)(2) under the Exchange Act, and the Reporting Persons disclaim any responsibility for the accuracy of the information relating to JCF FPK or the beneficial ownership of shares of Common Stock by JCF FPK. Neither JCF FPK I LP nor any of its affiliates is a reporting person for purposes of this Schedule 13D, and JCF FPK is filing a separate statement on Schedule 13D with respect to JCF FPK I LP and its affiliates.

ITEM 4. PURPOSE OF TRANSACTION.

Item 4 of this Schedule 13D is hereby amended to include the following information:

The information set forth in Item 2 above is hereby incorporated by reference in response to this Item 4.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 of this Schedule 13D is hereby amended to include the following information:

The information set forth in Item 2 above is hereby incorporated by reference in response to this Item 6.

ITEM 7. MATERIALS TO BE FILED AS EXHIBITS.

Item 7 of this Schedule 13D is hereby amended to include the following information:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
4	Shareholders' Agreement, dated as of October 19, 2007, by and among JCF FPK I LP, Red Mountain Capital Partners II, L.P. and Red Mountain Capital Partners III, L.P. (filed herewith).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: October 22, 2007

RED MOUNTAIN CAPITAL PARTNERS LLC

/s/ Willem Mesdag

By: Willem Mesdag
Title: Authorized Signatory

RED MOUNTAIN CAPITAL PARTNERS II, L.P.

By: RMCP GP LLC, its general partner

/s/ Willem Mesdag

By: Willem Mesdag
Title: Authorized Signatory

RED MOUNTAIN CAPITAL PARTNERS III, L.P.

By: RMCP GP LLC, its general partner

/s/ Willem Mesdag

By: Willem Mesdag
Title: Authorized Signatory

RMCP GP LLC

/s/ Willem Mesdag

By: Willem Mesdag
Title: Authorized Signatory

RED MOUNTAIN CAPITAL MANAGEMENT, INC.

/s/ Willem Mesdag

By: Willem Mesdag
Title: President

WILLEM MESDAG

/s/ Willem Mesdag

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1	Joint Filing Agreement, dated as of April 16, 2007, by and among the Reporting Persons (incorporated by reference to Exhibit 1 to the Schedule 13D filed by the Reporting Persons with the SEC on April 16, 2007).
2	Stock Purchase Agreement, dated as of April 5, 2007, by and among Second Curve Opportunity Fund, LP, Second Curve Opportunity Fund International, Ltd. and Red Mountain Capital Partners III, L.P. (incorporated by reference to Exhibit 2 to the Schedule 13D filed by the Reporting Persons with the SEC on April 16, 2007).
3	Letter, dated April 20, 2007, from JCF FPK I LP to, and as accepted and agreed by, Red Mountain Capital Partners LLC (incorporated by reference to Exhibit 3 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons with the SEC on April 23, 2007).
4	Shareholders' Agreement, dated as of October 19, 2007, by and among JCF FPK I LP, Red Mountain Capital Partners II, L.P. and Red Mountain Capital Partners III, L.P. (filed herewith).

SHAREHOLDERS' AGREEMENT

SHAREHOLDERS' AGREEMENT, dated as of October 19, 2007 (as may be amended, modified, supplemented or restated from time to time, this "Agreement"), among JCF FPK I LP, an Alberta limited partnership ("JCF FPK"), and Red Mountain Capital Partners II, L.P., a Delaware limited partnership ("RMCP II"), and Red Mountain Capital Partners III, L.P. ("RMCP III") and, together with RMCP II, "Red Mountain", in relation to their investment in Encore Capital Group, Inc. (the "Company"). JCF FPK and Red Mountain are sometimes referred to herein collectively as the "Shareholders" and individually as a "Shareholder".

WITNESSETH:

WHEREAS, the Shareholders desire to set forth their agreement with respect to, among other things, (i) the voting of the shares of Common Stock (as defined below) owned by them and (ii) the rights and duties of the Shareholders in respect of any Transfer (as defined below) of any such shares of Common Stock;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Agreement, terms defined in the heading and recitals shall have their respective assigned meanings, and the following capitalized terms shall have the meanings ascribed to them below:

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. "Affiliated" has a correlative meaning.

"Beneficial ownership" shall be determined in accordance with the term "beneficial ownership" as defined in Rule 13d-3 under the Exchange Act. "Beneficially own" has a correlative meaning.

"Board of Directors" means the Board of Directors of the Company.

"Common Stock" means the common stock, par value \$.01 per share, of the Company.

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act or the Exchange Act.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“Initial Shares” means, with respect to any Shareholder, the shares of Common Stock beneficially owned by such Shareholder as of the date hereof (as reported by each Shareholder in its filings with the Commission on Schedule 13D), but excluding any such shares owned by the other Shareholder, as such Initial Shares may be adjusted pursuant to any stock split, stock dividend, recapitalization, reorganization or other similar action.

“Permitted Transfers” means (i) transfers to Affiliates (provided that the transferee executes and delivers an instrument, in form reasonably satisfactory to all of the Shareholders, pursuant to which such transferee agrees to be bound by the provisions of this Agreement to the same extent as the transferor) and (ii) transfers with the consent of the other Shareholder.

“Person” means any individual, corporation, partnership, limited liability company, trust or other entity of any nature whatsoever.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“Term” means the period commencing on the date hereof and ending on the date this Agreement shall be terminated pursuant to its terms.

“Transfer” means any sale, assignment, mortgage, encumbrance, hypothecation or other transfer, whether directly or indirectly, voluntarily or involuntarily, of shares of Common Stock.

ARTICLE II

CORPORATE GOVERNANCE

SECTION 2.1 Board of Directors. (a) Reference is made to the fact that, as of the date hereof, (i) Timothy J. Hanford and John J. Oros (each, a “JCF FPK Related Director”) and (ii) Willem Mesdag and J. Christopher Teets (each, a “Red Mountain Related Director”) are each a member of the Board of Directors.

(b) If, at any time during the Term, JCF FPK notifies Red Mountain of its desire to remove any JCF FPK Related Director, then each Shareholder shall, subject to applicable law, vote all of its Common Stock in favor of the removal of such JCF FPK Related Director. If, at any time during the Term, any JCF FPK Related Director ceases to be a director of Encore, whether due to death, disability, retirement, resignation, removal (with or without cause) or otherwise, and JCF FPK proposes a replacement to serve as a director of Encore, then each Shareholder shall, subject to applicable law, vote all of its Common Stock in favor of, and take all such other actions as may be reasonably necessary to cause, the election of such replacement as a director of Encore. Upon the election of such replacement as a director of Encore, such

replacement shall thereafter be deemed, and the person he replaced shall thereafter cease to be deemed, to be a JCF FPK Related Director for purposes of this Section 2.1.

(c) If, at any time during the Term, Red Mountain notifies JCF FPK of its desire to remove any Red Mountain Related Director, then each Shareholder shall, subject to applicable law, vote all of its Common Stock in favor of the removal of such Red Mountain Related Director. If, at any time during the Term, any Red Mountain Related Director ceases to be a director of Encore, whether due to death, disability, retirement, resignation, removal (with or without cause) or otherwise, and Red Mountain proposes a replacement to serve as a director of Encore, then each Shareholder shall, subject to applicable law, vote all of its Common Stock in favor of, and take all such other actions as may be reasonably necessary to cause, the election of such replacement as a director of Encore. Upon the election of such replacement as a director of Encore, such replacement shall thereafter be deemed, and the person he replaced shall thereafter cease to be deemed, to be a Red Mountain Related Director for purposes of this Section 2.1.

(d) No removal pursuant to applicable provisions of the Delaware General Corporation Law of any JCF FPK Related Director shall affect any of the rights of JCF FPK to propose a replacement for such JCF FPK Related Director. No removal pursuant to applicable provisions of the Delaware General Corporation Law of any Red Mountain Related Director shall affect any of the rights of Red Mountain to propose a replacement for such Red Mountain Related Director.

ARTICLE III

AGREEMENTS

SECTION 3.1 Voting. During the Term, each Shareholder agrees to vote all of the shares of Common Stock beneficially owned or held of record by it against any of the following actions with respect to the Company or any of its subsidiaries, except if both Shareholders mutually agree to vote all of the shares of Common Stock beneficially owned or held of record by them in favor of such action:

- (a) amendments of charter, certificate of incorporation, bylaws, articles of association or other constituent documents of the Company or any of its subsidiaries, if such amendment would disproportionately adversely affect a Shareholder;
- (b) election of directors (except as otherwise contemplated by Section 2.1 above);
- (c) issuance of additional capital stock, other equity securities or any options, warrants or other rights to acquire any shares or other securities of the Company or any of its subsidiaries;
- (d) material changes to the business purpose of the Company or any of its subsidiaries;
- (e) dividends, securities redemptions, and securities repurchases (other than repurchases from officers or employees of the Company pursuant to employment or other agreements) by the Company or any of its subsidiaries; and
- (f) mergers, consolidations, liquidations and dissolutions and similar material transactions involving the Company or any of its subsidiaries.

SECTION 3.2 Cooperation. The Shareholders shall reasonably cooperate with each other to the extent required or appropriate in relation to amending their respective filings with the Commission on Schedule 13D to reflect the signing of this Agreement. In addition, during the Term, the Shareholders shall reasonably cooperate with each other to the extent required or appropriate in relation to filings with the Commission, including filings regarding the beneficial ownership of shares of the Company in a group as defined within Section 13d-3 under the Exchange Act.

ARTICLE IV

TRANSFERS

SECTION 4.1 Restrictions on Transfer. No Shareholder shall Transfer shares of Common Stock, as a whole or in part, to any Person, except for Permitted Transfers.

SECTION 4.2 Standstill Agreement. Except as provided herein, each Stockholder covenants and agrees that, from and after the date hereof, it shall not, and it shall use its reasonable best efforts to cause each of its Affiliates not to, singly or as part of a partnership, limited partnership, syndicate or other group (as those terms are defined in Section 13(d)(3) of the Exchange Act), directly or indirectly:

- (a) acquire, offer to acquire, or agree to acquire, by purchase, gift or otherwise, directly or indirectly, any additional equity securities, other securities or any options, warrants or other rights to acquire any shares or other securities of the Company (unless pursuant to a stock split, stock dividend, rights offering, recapitalization, reclassification or similar transaction) except (i) if such shares or other securities are offered pro rata to the other Shareholder on the same terms and conditions or (ii) for restricted stock units, stock options or other issuances or

grant of securities to members of the Board of Directors in connection with their service on the Board of Directors; or

(b) propose or seek to initiate any form of business combination transaction involving the Company or any of its subsidiaries, including, without limitation, a merger, exchange offer, or sale or liquidation of the Company's assets, or any restructuring, recapitalization or similar transaction with respect to the Company without the prior written consent of the other Shareholder; provided that this Section 4.2(b) shall not restrict transactions or agreements in the ordinary course of the Company's or any such subsidiary's business and on arm's-length terms available to any person who is not a Shareholder.

ARTICLE V

TERMINATION

SECTION 5.1 Termination. This Agreement may be terminated at any time by either Shareholder by giving written notice of termination to the other Shareholder not less than two (2) months before the effective date of the termination (which effective date shall be specified in the notice of termination). In addition, this Agreement may be terminated immediately by a Shareholder by giving written notice of termination to the other Shareholder upon a material breach by such other Shareholder of this Agreement, in each case, unless such material breach has been cured at the time such written notice is given.

SECTION 5.2 Effect of Termination; Survival. Following any termination of this Agreement, this Agreement shall have no further force or effect, *provided* that:

- (a) Section 5.3 and Article VI shall survive any termination of this Agreement; and
- (b) termination of this Agreement shall not relieve a party from liability for any breach of this Agreement prior to such termination.

SECTION 5.3 Filings. Notwithstanding the termination of this Agreement, the Shareholders shall reasonably cooperate with each other to the extent required or appropriate in relation to filings with the Commission, including filings regarding the beneficial ownership of shares of the Company in a group as defined within Section 13d-3 under the Exchange Act.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1 No Partnership; Agency. The Shareholders expressly do not intend hereby to form an agency relationship or partnership either general or limited, under any jurisdiction's agency, partnership or other similar law. The Shareholders do not intend to be agents or partners of each other, or agents of or partners to any third party, or to create any other fiduciary relationship among themselves, solely by virtue of their status as Shareholders. To the

extent that any Shareholder, by word or action, improperly represents to another Person that any Shareholder is an agent or partner of another Shareholder or that the Company is a partnership, the Shareholder making such representation shall be liable to any other Shareholder that incurs any Losses arising out of or relating to such representation.

SECTION 6.2 Entire Agreement. This Agreement constitutes the whole agreement among the parties hereto and thereto relating to the subject matter hereof and thereof and supersedes all prior agreements or understandings both oral and written among all of the parties hereto and thereto relating to the subject matter hereof and thereof.

SECTION 6.3 Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the Shareholders and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Shareholders, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 6.4 Amendments and Waivers. (a) This Agreement may not be amended, modified or supplemented except by a written instrument executed by each of the Shareholders.

(b) No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Shareholder waiving such provision. No failure or delay by a Shareholder in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by a Shareholder of any breach by any other Shareholder of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof. The rights and remedies herein provided shall be cumulative and not exclusive of any rights, powers or remedies provided at law or in equity.

SECTION 6.5 Assignment. No Shareholder may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the written consent of the other Shareholder, except that, in the case of a Permitted Transfer to an Affiliate of such Shareholder, the transferee shall expressly assume all the obligations of the transferring Shareholder with respect to the transferred shares of Common Stock.

SECTION 6.6 Notices. (a) All notices and other communications provided for hereunder shall be in writing and shall be sent by first class mail, telex, telecopier or hand delivery to the address of such Shareholder set forth beneath its signature on the signature page hereof.

(b) All such notices and communications shall be deemed to have been given or made (i) when delivered by hand, (ii) five business days after being deposited in the mail, postage prepaid, (iii) when telexed answer-back received or (iv) when telecopied, receipt acknowledged.

SECTION 6.7 Descriptive Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein.

SECTION 6.8 Severability. In the event that any one or more of the provisions, paragraphs, words, clauses, phrases or sentences contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision, paragraph, word, clause, phrase or sentence in every other respect and of the remaining provisions, paragraphs, words, clauses, phrases or sentences hereof shall not be in any way impaired, it being intended that all rights, powers and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

SECTION 6.9 Counterparts. This Agreement may be executed in counterparts, and by different parties on separate counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

SECTION 6.10 Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware. The parties to this Agreement hereby agree to submit to the jurisdiction of the courts of the State of Delaware, the courts of the United States of America for the District of Delaware, and appellate courts from any thereof in any action or proceeding arising out of or relating to this Agreement.

SECTION 6.11 Specific Performance. The parties hereto acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that they shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which they may be entitled at law or in equity.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement or caused this Agreement to be duly executed on its behalf as of the date first written above.

JCF FPK I LP

By: JCF Associates II-A LP, its general partner

By: JCF Associates II-A LLC, its general partner

By: /s/ Sally Rocker

Name: Sally Rocker

Title: Managing Director

Address:

Red Mountain Capital Partners II, L.P.

By: RMCP GP LLC, its general partner

By: /s/ Willem Mesdag
Name: Willem Mesdag
Title: Authorized Signatory
Address: 10100 Santa Monica Boulevard
Los Angeles, California 90067
Facsimile: (310) 432-0201
Attn: Willem Mesdag

Red Mountain Capital Partners III, L.P.

By: RMCP GP LLC, its general partner

By: /s/ Willem Mesdag
Name: Willem Mesdag
Title: Authorized Signatory
Address: 10100 Santa Monica Boulevard
Los Angeles, California 90067
Facsimile: (310) 432-0201
Attn: Willem Mesdag