

ENCORE CAPITAL GROUP INC  
Form 8-K  
November 02, 2006

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

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**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): November 2, 2006

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**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)

**(877) 445-4581**

**92123**  
(Zip Code)

(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)

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- “ 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))
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**Item 2.02 Results of Operations and Financial Condition**

On November 2, 2006 Encore Capital Group, Inc. issued a press release announcing its financial results for the third quarter ended September 30, 2006. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein solely for purposes of Item 2.02.

The press release attached to this Current Report on Form 8-K as Exhibit 99.1 contains financial measures for Adjusted EBITDA, and total operating expenses excluding stock option expense, Ascension Capital operating expenses and costs related to the consideration of strategic alternatives, that are not calculated in accordance with generally accepted accounting principles in the United States ( GAAP ). We have provided a reconciliation in the press release attached to this Current Report on Form 8-K as Exhibit 99.1 of the non-GAAP financial measure for Adjusted EBITDA to GAAP net income, and a reconciliation of the non-GAAP financial measure for Operating Expenses excluding stock option expense, Ascension Capital operating expenses and costs related to the consideration of strategic alternatives to GAAP total operating expenses.

We have included information concerning Adjusted EBITDA because management utilizes this information, which is materially similar to a financial measure contained in covenants used in our credit agreement, in the evaluation of our operations and believes that this measure is a useful indicator of our ability to generate cash collections in excess of operating expenses through the liquidation of our receivable portfolios. We have included information concerning total operating expenses excluding stock option expense, Ascension Capital operating expenses and costs related to the consideration of strategic alternatives because the elimination of these expense items included in the GAAP financial measure results in enhanced comparability of certain key financial results between the periods presented. These non-GAAP financial measures should not be considered as alternatives to, or more meaningful than, net income and total operating expenses as indicators of our operating performance.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press release dated November 2, 2006.

The information in this Current Report on Form 8-K, including the exhibit, shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities under that Section. Furthermore, the information in this Current Report on Form 8-K, including the exhibit, shall not be deemed to be incorporated by reference into our filings under the Securities Act of 1933.

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.

Date: November 2, 2006

ENCORE CAPITAL GROUP, INC.

/s/ Paul Grinberg  
Paul Grinberg

Executive Vice President,

Chief Financial Officer and Treasurer

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
99.1	Press release dated November 2, 2006.