

Endeavor Acquisition Corp.
Form DEFM14A
November 28, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

ENDEAVOR ACQUISITION CORP.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock of Endeavor Acquisition Corp.

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(2) Aggregate number of securities to which transaction applies:
37,258,065

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
Average of the bid and ask price for common stock as of November 1, 2007: (\$12.30)

(4) Proposed maximum aggregate value of transaction:
\$526,074,200

(5) Total fee paid:
\$19,464

x Fee paid previously with preliminary materials: \$19,464

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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This proxy statement is dated November 28, 2007 and is first being mailed to Endeavor stockholders on or about November 30, 2007.

Endeavor Acquisition Corp.

590 Madison Avenue

21st Floor

New York, New York 10022

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 12, 2007

TO THE STOCKHOLDERS OF ENDEAVOR ACQUISITION CORP.:

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Endeavor Acquisition Corp. (Endeavor), a Delaware corporation, will be held at 10:00 a.m., eastern time, on December 12, 2007, at the offices of Graubard Miller, Endeavor's counsel, at The Chrysler Building, 405 Lexington Avenue, 19th Floor, New York, New York 10174. You are cordially invited to attend the meeting, which will be held for the following purposes:

(1) to consider and vote upon the adoption and approval of the Amended and Restated Agreement and Plan of Reorganization dated as of November 7, 2007 (the Acquisition Agreement), among Endeavor, AAI Acquisition, LLC, a California limited liability company and wholly owned subsidiary of Endeavor (Merger Sub), American Apparel Inc., a California corporation (AAI), American Apparel, LLC, a California limited liability company (LLC), each of American Apparel Canada Wholesale Inc. and American Apparel Canada Retail Inc. (together, the CI companies and, collectively with AAI and LLC, American Apparel), Dov Charney, a principal stockholder and member of AAI and LLC, respectively (Mr. Charney), Sang Ho Lim, the other principal stockholder and member of AAI and LLC, respectively (Mr. Lim), and the stockholders of each of the CI companies (the CI Stockholders), and the transactions contemplated thereby. The Acquisition Agreement amends and restates in its entirety that certain Agreement and Plan of Reorganization, dated as of December 18, 2006 (the Original Agreement), by and among Endeavor, AAI Acquisition Corp., AAI, LLC, the CI companies, Mr. Charney, Mr. Lim and the CI Stockholders. We refer to this proposal as the acquisition proposal. The board of directors and stockholders of each of AAI and each of the CI companies and the members of LLC have already approved and adopted the Acquisition Agreement.

(2) to consider and vote upon an amendment to the certificate of incorporation of Endeavor to change the name of Endeavor from Endeavor Acquisition Corp. to American Apparel, Inc. We refer to this proposal as the name change amendment proposal ;

(3) to consider and vote upon an amendment to the certificate of incorporation of Endeavor to increase the number of authorized shares of Endeavor common stock from 75,000,000 to 120,000,000. We refer to this proposal as the capitalization amendment proposal ;

(4) to consider and vote upon an amendment to the certificate of incorporation of Endeavor to remove the preamble and sections A through D, inclusive, of Article Sixth from the certificate of incorporation from and after the closing of the acquisition, as these provisions will no longer be applicable to Endeavor, and to redesignate section E of Article Sixth as modified as Article Sixth of Endeavor's restated and amended certificate of incorporation. We refer to this proposal as the Article Sixth amendment proposal ;

(5) to consider and vote upon the 2007 performance equity plan (an equity-based performance equity plan). We refer to this proposal as the performance equity plan proposal ; and

(6) to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if, based upon the tabulated vote at the time of the special meeting, Endeavor is not authorized to consummate the acquisition we refer to this proposal as the adjournment proposal.

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These items of business are described in the attached proxy statement, which we encourage you to read in its entirety before voting. Only holders of record of Endeavor's common stock at the close of business on November 16, 2007 are entitled to notice of the special meeting and to vote and have their votes counted at the special meeting and any adjournments or postponements of the special meeting. Endeavor will not transact any other business at the special meeting or any adjournment or postponement of the meeting.

The acquisition proposal must be approved by the holders of a majority of the shares of Endeavor common stock sold in Endeavor's initial public offering (IPO) that are cast at the special meeting. Each of the name change amendment, capitalization amendment and Article Sixth amendment proposals must be approved by the holders of a majority of the outstanding shares of Endeavor common stock. The performance equity plan proposal must be approved by the holders of a majority of the shares of Endeavor common stock that are present in person or represented by proxy and entitled to vote at the meeting.

The adoption of the acquisition proposal is conditioned on the adoption of the name change amendment and the capitalization amendment, and neither the name change amendment nor the capitalization amendment will be presented to the meeting for adoption unless the acquisition proposal is approved. The adoption of the Article Sixth amendment and the performance equity plan proposals are not conditions to the adoption of the acquisition proposal or to the adoption of either of the name change amendment or the capitalization amendment proposals, but if the acquisition proposal is not approved, neither the Article Sixth amendment proposal nor the performance equity proposal will be presented at the meeting for adoption. The adjournment proposal will not be considered at the meeting unless, based on the tabulated vote at the time of the special meeting, Endeavor is not authorized to consummate the acquisition.

Your broker, bank or nominee cannot vote your shares on any proposal unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. Abstentions will have the same effect as a vote AGAINST the name change amendment, capitalization amendment, Article Sixth amendment, the performance equity plan and adjournment proposals but will have no effect on the acquisition proposal. Broker non-votes, while considered present for the purposes of establishing a quorum, will have the same effect as a vote AGAINST the name change amendment, capitalization amendment, Article Sixth amendment and adjournment proposal, but will have no effect on the acquisition proposal or the performance equity plan proposal. However, since the adoption of the acquisition proposal is conditioned on the adoption of the name change amendment and capitalization amendment proposals, any broker non-vote with respect to the name change amendment or capitalization amendment proposals will decrease the likelihood of the adoption of such proposals and thus also reduce the likelihood of the effectuation of the acquisition proposal.

Each Endeavor stockholder that holds shares of common stock issued in Endeavor's IPO has the right to vote against the acquisition proposal and demand that Endeavor convert such stockholder's shares into cash equal to a pro rata portion of the funds held in the trust account into which a substantial portion of the net proceeds of Endeavor's IPO was deposited. The exact conversion price will be determined as of a date which is two business days prior to the anticipated date of the consummation of the acquisition. As of November 1, 2007, the conversion price would have been approximately \$7.97 in cash for each share of Endeavor common stock issued for the IPO. These shares will be converted into cash only if the acquisition is consummated. If, however, the holders of 20% (approximately 3,232,149 shares) or more shares of common stock issued in Endeavor's IPO both vote against the acquisition proposal and demand conversion of their shares, Endeavor will not consummate the acquisition. Prior to exercising conversion rights, Endeavor stockholders should verify the market price of Endeavor's common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights. Shares of Endeavor's common stock are quoted on the American Stock Exchange under the symbol EDA. On November 1, 2007, the last sale price of Endeavor's common stock was \$12.30.

Endeavor's initial stockholders who purchased their shares of common stock prior to Endeavor's IPO, and which include all of Endeavor's current directors and executive officers and their affiliates and are referred to

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collectively in this proxy statement as the Endeavor Inside Stockholders, currently own an aggregate of approximately 18.8% of the outstanding shares of Endeavor common stock. Each of the Endeavor Inside Stockholders has agreed to vote all of the shares they purchased prior to the IPO on the acquisition proposal in accordance with the vote of the majority of the votes cast by the holders of shares issued in the IPO. The Endeavor Inside Stockholders have also indicated that they intend to vote such shares FOR the adoption of the name change amendment, the capitalization amendment, the Article Sixth amendment and the performance equity plan proposals, as well as the adjournment proposal if considered at the special meeting. These Endeavor insiders also have indicated they intend to vote any shares they acquire after the IPO for all of the proposals. As of the record date, these Endeavor insiders have not acquired any additional shares of Endeavor common stock since the IPO.

After careful consideration, Endeavor's board of directors has determined that the acquisition proposal and the other proposals are fair and in the best interests of Endeavor's stockholders.

Endeavor's board of directors unanimously recommends that you vote or give instruction to vote FOR the adoption of the acquisition proposal, the name change amendment proposal, the capitalization amendment proposal, the Article Sixth amendment proposal and the performance equity plan proposal and, if considered at the special meeting, the adjournment proposal.

All Endeavor stockholders are cordially invited to attend the special meeting in person. However, to ensure your representation at the meeting, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. If you are a stockholder of record of Endeavor common stock, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the name change amendment, the capitalization amendment and the Article Sixth amendment proposals.

A complete list of Endeavor stockholders of record entitled to vote at the special meeting will be available for ten days before the special meeting at the principal executive offices of Endeavor for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting.

Your vote is important regardless of the number of shares you own. Whether you plan to attend the special meeting or not, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.

Thank you for your participation. We look forward to your continued support.

NOVEMBER 28, 2007

By Order of the Board of Directors

Sincerely,

Eric J. Watson
Chairman and Treasurer

Neither the Securities and Exchange Commission nor any state securities commission has determined if this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.

Endeavor maintains a website at www.endeavoracq.com. The contents of that website are not part of this proxy statement.

SEE RISK FACTORS FOR A DISCUSSION OF VARIOUS FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE ACQUISITION.

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SUMMARY OF MATERIAL TERMS OF THE ACQUISITION

Parties

The parties to the acquisition are:

Endeavor Acquisition Corp. (Endeavor),

AAI Acquisition LLC (Merger Sub), a wholly owned subsidiary of Endeavor that was formed solely for the purpose of effecting the acquisition as described herein,

American Apparel Inc. (AAI),

American Apparel, LLC (inactive) (LLC),

Dov Charney, an owner of 50% of the outstanding capital stock of AAI, 50% of the outstanding membership interests of LLC and 100% of the securities of the CI companies (as defined below) (Mr. Charney),

Sang Ho Lim, the owner of the remaining 50% of the outstanding capital stock of AAI and the remaining 50% of the outstanding membership interests of LLC (Mr. Lim), and

Each of American Apparel Canada Wholesale Inc. and American Apparel Canada Retail Inc. (together, the CI companies and, collectively with AAI and LLC, American Apparel or the American Apparel companies).
See the section entitled *Summary of Certain Provisions of the Proxy Statement - Parties*.

The Acquisition

Under the terms of the Acquisition Agreement:

prior to the closing of the acquisition (the Closing), Mr. Charney will have the right, but not the obligation, to purchase all of the outstanding capital stock and membership interests of the American Apparel companies owned by Mr. Lim (the Lim Buyout), provided that, if the Lim Buyout is not consummated by Mr. Charney prior to the Closing, the Lim Buyout shall be consummated directly by Endeavor at its sole cost and expense;

prior to the Closing, all of the membership interests of LLC will be transferred to AAI;

AAI will be merged with and into Merger Sub, with Merger Sub surviving the merger as a wholly owned subsidiary of Endeavor; and

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all of the outstanding capital stock of each of the CI companies, as successors in interest to the Canadian entities that were original signatories to the Acquisition Agreement, will be acquired by Endeavor, with each of them surviving the transaction as a wholly owned subsidiary of Endeavor.

See the section entitled *The Acquisition Proposal*.

Acquisition Consideration

In return for all of the capital stock in each of the American Apparel companies, Mr. Charney will receive from Endeavor up to an aggregate of 37,258,065 shares of Endeavor common stock, subject to downward adjustment if American Apparel's net debt, as defined in the Acquisition Agreement, at the close of business on the date two business days prior to the Closing is more than \$150,000,000. Following the Closing, Endeavor will pay and expense as part of its operations an aggregate of \$2.5 million of cash bonuses to existing American Apparel employees. As of September 30, 2007, American Apparel's net debt does not exceed \$150,000,000 and it is not anticipated to exceed \$150,000,000 at Closing. Accordingly, it is unlikely that any adjustment will be made to the number of shares issued to Mr. Charney. See the section entitled *The Acquisition Agreement Acquisition Consideration*.

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Post-Closing Ownership of Endeavor Common Stock

As a result of the acquisition, and assuming that there is no adjustment to the number of shares issued based on American Apparel's net debt and that:

no Endeavor stockholder demands that Endeavor convert its shares to cash as permitted by Endeavor's certificate of incorporation, Mr. Charney will own approximately 65.2% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 34.8% of the outstanding Endeavor common stock immediately following the Closing;

assuming approximately 19.99% of the common stock issued in Endeavor's initial public offering votes against the acquisition and such stock is converted into cash, Mr. Charney will own approximately 69.1% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 30.9% of the outstanding common stock of Endeavor immediately following the Closing.

The foregoing percentages do not take into account any exercise of outstanding warrants to purchase shares of Endeavor common stock (which warrants will become exercisable at Closing) or any outstanding options.

Escrow Agreement

At the closing of the acquisition, 8,064,516 of the Endeavor shares to be issued to Mr. Charney will be placed in escrow until the later of (a) the first anniversary of the Closing and (b) the thirtieth day after the date that Endeavor files its Annual Report on Form 10-K for the year ended December 31, 2007, as a fund for the payment of indemnification claims that may be made by Endeavor as a result of any breaches of American Apparel's covenants, representations and warranties in the Acquisition Agreement and certain lawsuits to which American Apparel is a party. See the section entitled *The Acquisition Agreement Escrow Agreement*.

Lock-Up Agreement

Mr. Charney has agreed not to sell any of the shares of Endeavor common stock he receives in the acquisition before the third anniversary of the Closing, subject to certain exceptions. See the section entitled *The Acquisition Agreement Lock-up Agreement*.

Post-Acquisition Executive Officers and Employment Agreements

At the closing of the acquisition Mr. Charney, who is currently the chief executive officer of AAI, will become Endeavor's chief executive officer and president. None of Endeavor's current officers will continue with Endeavor after the acquisition. All of the current officers of American Apparel will continue in their current or related positions with American Apparel following the acquisition. Mr. Charney will enter into an employment agreement with Endeavor and American Apparel, effective as of the closing of the acquisition. See the section entitled *Directors and Executive Officers of Endeavor Following the Acquisition Executive Compensation Employment Agreement and Non-Competition Covenants*.

Post-Acquisition Board of Directors; Voting Agreement

After the acquisition, the board of directors of Endeavor will have nine members comprised of four persons designated by Mr. Charney, four persons designated by certain of Endeavor's current stockholders and one person mutually designated by the parties in accordance with a voting agreement that will be executed by the parties immediately prior to closing. The voting agreement will provide that the parties thereto will vote their shares of Endeavor common stock in favor of such designees to serve as directors of Endeavor through the annual meeting of stockholders of Endeavor to be held in 2010. See the section entitled *The Acquisition Agreement Election of Directors; Voting Agreement*.

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QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

- Q. Why am I receiving this proxy statement?**
- A.** Endeavor and American Apparel have agreed to a business combination under the terms of the Amended and Restated Agreement and Plan of Reorganization, dated as of November 7, 2007, as described in this proxy statement. This agreement is referred to as the Acquisition Agreement. A copy of the Acquisition Agreement is attached to this proxy statement as *Annex A*, and we encourage you to read it in its entirety.

In order to complete the acquisition, Endeavor stockholders must vote in favor of (i) the Acquisition Agreement, (ii) an amendment to Endeavor's certificate of incorporation to change the name of Endeavor from Endeavor Acquisition Corp. to American Apparel, Inc. and (iii) an amendment to Endeavor's certificate of incorporation to increase the number of shares of authorized common stock from 75,000,000 to 120,000,000. Endeavor stockholders also will be asked to vote to approve (a) an amendment to Endeavor's certificate of incorporation to make certain modifications to Article Sixth thereof and (b) the performance equity plan, but such approvals are not conditions to the acquisition. The performance equity plan has been approved by Endeavor's board of directors and will be effective upon Closing, if approved by the stockholders. Endeavor's amended and restated certificate of incorporation, as it will appear if all amendments proposed hereby are approved, is attached to this proxy statement as *Annex B*. The performance equity plan is attached to this proxy statement as *Annex C*.

Endeavor will hold a special meeting of its stockholders to obtain these approvals. This proxy statement contains important information about the proposed acquisition, the other proposals and the special meeting of Endeavor stockholders. You should read it carefully.

Your vote is important. We encourage you to vote as soon as possible after carefully reviewing this proxy statement.

- Q. Do I have conversion rights?**
- A.** If you hold shares of common stock issued in Endeavor's IPO, then you have the right to vote against the acquisition proposal and demand that Endeavor convert such shares into a pro rata portion of the trust account in which a substantial portion of the net proceeds of Endeavor's IPO are held. We sometimes refer to these rights to vote against the acquisition and demand conversion of the shares into a pro rata portion of the trust account as conversion rights.

- Q. How do I exercise my conversion rights?**
- A.** If you wish to exercise your conversion rights, you must (i) vote against the acquisition proposal, (ii) demand that Endeavor convert your shares into cash, (iii) continue to hold your shares through the closing of the acquisition and (iv) then deliver your shares to our transfer agent within the period specified in a notice you will receive from Endeavor, which period will be not less than 20 days. In lieu of delivering your stock certificate, you may deliver your shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit Withdrawal at Custodian) System.

Any action that does not include an affirmative vote against the acquisition will prevent you from exercising your conversion rights. Your vote on any proposal other than the acquisition proposal will have no impact on your right to seek conversion.

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You may exercise your conversion rights either by checking the box on the proxy card or by submitting your request in writing to Endeavor at the address listed at the end of this section. If you (i) initially vote for the acquisition proposal but then wish to vote against it and exercise your conversion rights or (ii) initially vote against the acquisition proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to Endeavor to exercise your conversion rights, or (iii) initially vote against the acquisition but later wish to vote for it, or (iv) otherwise wish to correct or change your proxy card, you may request Endeavor to send you another proxy card on which you may indicate your intended vote and, if that vote is against the acquisition proposal, exercise your conversion rights by checking the box provided for such purpose on the proxy card. You may make such request by contacting Endeavor at the phone number or address listed at the end of this section.

Any corrected or changed proxy card or written demand of conversion rights must be received by Endeavor prior to the special meeting. No demand for conversion will be honored unless the holder's stock certificate has been delivered to Endeavor's transfer agent within the period specified in the notice that will be provided by Endeavor as described above.

If, notwithstanding your negative vote, the acquisition is completed, then you will be entitled to receive a pro rata portion of the trust account, including any interest earned thereon, calculated as of two business days prior to the anticipated date of the consummation of the acquisition. As of the record date, there was approximately \$128.7 million in the trust account, which would amount to approximately \$7.97 per share sold in the IPO upon conversion. If you exercise your conversion rights, then you will be exchanging your shares of Endeavor common stock for cash and will no longer own these shares. See the section entitled *Special Meeting of Endeavor Stockholders Conversion Rights* for the procedures to be followed if you wish to convert your shares into cash.

Exercise of your conversion rights does not result in either the conversion or a loss of your warrants. Your warrants will continue to be outstanding and exercisable following a conversion of your common stock unless we do not consummate the acquisition. A registration statement must be in effect to allow you to exercise any warrants you may hold or to allow Endeavor to call the warrants for redemption if the redemption conditions are satisfied.

- Q. Do I have appraisal rights if I object to the acquisition?** A. Endeavor stockholders do not have appraisal rights in connection with the acquisition under the General Corporation Law of the State of Delaware (DGCL).
- Q. What happens to the funds deposited in the trust account after consummation of the acquisition?** A. After consummation of the acquisition, Endeavor stockholders properly electing to exercise their conversion rights will receive their pro rata portion of the funds in the trust account. Since there is no economic incentive for Mr. Charney to effect the Lim Buyout, Endeavor will effectively be required to effect the Lim Buyout and \$60 million plus an additional cash amount based on the date on which the Lim Buyout is completed shall be used from the trust account and will therefore be unavailable to the combined companies. If the acquisition were to be consummated on December 14, 2007, and Endeavor was required to effect the Lim Buyout on the same date, Endeavor would pay Mr. Lim approximately \$67.8 million. See the section entitled *The Acquisition*

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Agreement Acquisition Consideration Lim Buyout. In addition, if Endeavor is required to convert 19.99% of the Public Shares into cash, approximately \$25.7 million of the proceeds in trust would be paid to the holders thereof. Accordingly, the minimum amounts available to the combined companies at consummation of the acquisition will be approximately \$34.9 million. Regardless of the amount of proceeds delivered to the combined companies at closing of the acquisition, approximately \$18.7 million will be used to repay existing indebtedness, \$3.2 million will be used to make certain prescribed distributions to stockholders of AAI in connection with their personal income tax responsibilities; and \$2.5 million will be used to pay cash bonuses to retained American Apparel personnel. In addition, a portion of the proceeds will be used to pay approximately \$1.8 million in underwriting commissions from Endeavor's initial public offering to Ladenburg Thalmann & Co., which were deferred, and the costs associated with the acquisition, including professional and printing fees. The balance of the funds in the trust account will be released to Endeavor and will become funds of the consolidated companies.

- Q. What happens if the acquisition is not consummated?**
- A.** If Endeavor does not complete the acquisition by December 15, 2007, it will be dissolved pursuant to Section 275 of the Delaware General Corporation Law. In connection with such dissolution, the expected procedures of which are set forth in the section entitled *Other Information Related to Endeavor Liquidation If No Business Combination*, Endeavor will liquidate and distribute to all of its public stockholders, in proportion to their respective equity interests, an aggregate sum equal to the amount in the trust account, inclusive of any interest, plus remaining assets. Holders of Endeavor common stock acquired prior to the IPO, including all of Endeavor's officers and directors, have waived any right to any liquidation distribution with respect to those shares.
- Q. When do you expect the acquisition to be completed?**
- A.** It is currently anticipated that the Closing will occur promptly following the Endeavor special meeting on December 12, 2007. For a description of the conditions to completion of the acquisition, see the sections entitled *The Acquisition Agreement Conditions to the Closing of the Acquisition*.
- Q. What do I need to do now?**
- A.** Endeavor urges you to read carefully and consider the information contained in this proxy statement, including the annexes, and to consider how the acquisition will affect you as a stockholder of Endeavor. You should then vote as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card.
- Q. How do I vote?**
- A.** If you are a holder of record of Endeavor common stock at the close of business on November 16, 2007, which is the record date for the special meeting, you may vote in person at the special meeting or by submitting a proxy for the special meeting. You may submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope. If you hold your shares in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares.

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- Q. If my shares are held in street name, will my broker, bank or nominee automatically vote my shares for me?**
- A.** No. Your broker, bank or nominee cannot vote your shares on any proposal unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee.
- Q. Can I change my vote after I have mailed my signed proxy or direction form?**
- A.** Yes. Send a later-dated, signed proxy card to Endeavor’s secretary at the address of Endeavor’s corporate headquarters prior to the date of the special meeting or attend the special meeting in person and vote. You also may revoke your proxy by sending a notice of revocation to Endeavor’s secretary, which must be received by Endeavor’s secretary prior to the special meeting.
- Q. Do I need to send in my stock certificates?**
- A.** Endeavor stockholders who do not elect to have their shares converted into a pro rata share of the trust account should not submit their stock certificates now or after the acquisition, because their shares will not be converted or exchanged in the acquisition. Endeavor stockholders who vote against the acquisition and exercise their conversion rights must deliver their shares to Endeavor’s transfer agent (either physically or electronically) after the meeting.
- Q. What should I do if I receive more than one set of voting materials?**
- A.** You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast a vote with respect to all of your Endeavor shares.
- Q. Who can help answer my questions?**
- A.** If you have questions about the acquisition or if you need additional copies of the proxy statement or the enclosed proxy card you should contact:
- Martin Dolfi
- Endeavor Acquisition Corp.
- 590 Madison Avenue, 21st Floor
- New York, New York 10022
- Tel: (212) 683-5350
- You may also obtain additional information about Endeavor from documents filed with the SEC by following the instructions in the section entitled *Where You Can Find More Information*.
- If you intend to vote against the acquisition and seek conversion of your shares, you will need to deliver your shares (either physically or electronically) to Endeavor’s transfer agent at the address below after the meeting. If you have questions regarding the certification of your position or delivery of your shares, please contact:
- Mark Zimkind
- Continental Stock Transfer & Trust Company
- 17 Battery Place, 8th Floor
- New York, New York 10004
- Telephone: (212) 845-3287

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SUMMARY OF THE PROXY STATEMENT

Parties

Endeavor is a blank check company formed on July 22, 2005 to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. Its mailing address is 590 Madison Avenue, New York, New York 10022. After the consummation of the acquisition, its mailing address will be 747 Warehouse Street, Los Angeles, California 90021, which is American Apparel's corporate headquarters. Its present website address is *www.endeavoracq.com*. After the consummation of the acquisition its website address will be *www.americanapparel.net*, which is presently the website address of American Apparel.

American Apparel is a vertically-integrated manufacturer, distributor, and retailer of branded fashion basic apparel. As of September 30, 2007, American Apparel operated 165 retail stores in 13 countries, including the United States, Canada, Mexico, England, Germany, France, Switzerland, the Netherlands, Israel, Italy, Japan, Sweden and South Korea. American Apparel also operates a leading wholesale business that supplies t-shirts and other casual wear to distributors and screen printers. In addition to its retail stores and wholesale operations, American Apparel operates an online retail e-commerce website at *www.americanapparelstore.com*. See the section entitled *Business of American Apparel*.

Acquisition Structure

Under the terms of the Acquisition Agreement:

prior to the Closing, Mr. Charney will have the right, but not the obligation to purchase all of the outstanding capital stock and membership interests of the American Apparel companies owned by Mr. Lim (the Lim Buyout), provided that, if the Lim Buyout is not consummated by Mr. Charney prior to the Closing, the Lim Buyout shall be consummated directly by Endeavor at its sole cost and expense;

prior to the Closing, all of the membership interests of LLC will be transferred to AAI;

AAI will be merged with and into Merger Sub, with Merger Sub surviving the merger as a wholly owned subsidiary of Endeavor; and

all of the outstanding capital stock of each of the CI companies will be acquired by Endeavor, with all of the CI companies surviving the transaction as wholly owned subsidiaries of Endeavor.

The stockholders owning all of the outstanding voting stock or membership interests of each of the American Apparel companies have approved and adopted the Acquisition Agreement in accordance with the applicable corporate or company laws of each such company's jurisdiction of formation.

See the section entitled *The Acquisition Proposal*.

Acquisition Consideration

In return for all of the capital stock in each of the American Apparel companies, Mr. Charney will receive from Endeavor up to an aggregate of 37,258,065 shares of Endeavor common stock, subject to downward adjustment if American Apparel's net debt, as defined in the Acquisition Agreement, at the close of business on the date two business days prior to the Closing is more than \$150,000,000. Following the Closing, Endeavor will pay and expense as part of its operations an aggregate of \$2.5 million of cash bonuses to existing American Apparel employees. See the section entitled *The Acquisition Agreement Acquisition Consideration*.

Lim Buyout

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Mr. Charney has the right but not the obligation to purchase all of Mr. Lim's equity interests in the American Apparel companies prior to the Closing. The purchase price shall be \$60 million plus an additional

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cash price determined by the date on which the Lim Buyout is completed. In the event that the Lim Buyout is not consummated by Mr. Charney prior to closing of the acquisition for any reason, Endeavor shall effect the Lim Buyout as part of the acquisition by paying Mr. Lim cash for all of his equity interests in the American Apparel companies. The consideration to be received by Mr. Charney in connection with the Closing will not be reduced or otherwise affected should the Lim Buyout be consummated by Endeavor. Since there is no economic incentive for Mr. Charney to effect the Lim Buyout, Endeavor will effectively be required to effect the Lim Buyout. If the acquisition were to be consummated on December 14, 2007, and Endeavor was required to effect the Lim Buyout on the same date, Endeavor would pay Mr. Lim approximately \$67.8. See the section entitled *The Acquisition Agreement Acquisition Consideration Lim Buyout*.

Other Proposals

In addition to voting on the acquisition, the stockholders of Endeavor will vote on proposals to change its name to American Apparel, Inc., to increase the number of shares of common stock it is authorized to issue from 75,000,000 to 120,000,000, to amend its charter to delete certain provisions that will no longer be operative after the acquisition and to approve the performance equity plan. In addition, if, based on the tabulated vote at the time of the special meeting, Endeavor is not authorized to consummate the acquisition, the stockholders of Endeavor will vote on the adjournment proposal. See the sections entitled *Name Change Amendment Proposal*, *Capitalization Amendment Proposal*, *Article Sixth Amendment Proposal*, *2007 Performance Equity Plan Proposal* and *The Adjournment Proposal*.

Interests of Endeavor's Directors and Officers in the Acquisition

Certain of Endeavor's officers and directors have interests in the acquisition that differ from, or are in addition to, those of Endeavor stockholders generally. In particular:

If the acquisition is not approved and Endeavor is required to liquidate, the 3,750,000 shares of common stock held by Endeavor's officers and directors that were acquired prior to the IPO for an aggregate purchase price of \$25,000 will be worthless. In the event the acquisition is not consummated, all 3,750,000 shares held by Endeavor's officers and directors, which had an aggregate market value of approximately \$46,125,000 as of November 1, 2007, would expire and be worthless.

As of November 1, 2007, Endeavor owes an aggregate of \$575,000 to Mr. Eric Watson and Mr. Jonathan Ledecy, Endeavor's current chairman of the board and president, respectively, and their affiliates. If the business combination is not consummated, Messrs. Watson and Ledecy will be repaid only to the extent Endeavor has sufficient funds available to it outside of the trust account. As of November 1, 2007, Endeavor had only nominal funds outside of the trust account. Accordingly, in the event the acquisition is not consummated, Messrs. Watson and Ledecy will not be repaid.

If Endeavor is unable to complete a business combination and is required to liquidate, Messrs. Watson and Ledecy will be personally liable under certain circumstances (for example, if a vendor does not waive any rights or claims to the trust account) to ensure that the proceeds in the trust account are not reduced by the claims of certain prospective target businesses and vendors or other entities that are owed money by Endeavor for services rendered or products sold to it.

See the section entitled *The Acquisition Proposal Interests of Endeavor's Directors and Officers in the Acquisition*.

Interests of American Apparel's Directors and Officers in the Acquisition

In addition, we urge you to consider the interests of certain directors and officers of American Apparel in the acquisition. In particular:

In connection with the consummation of the acquisition, Mr. Charney shall receive an aggregate of up to 37,258,065 shares of Endeavor's common stock, subject to downward adjustment, which will result in Mr. Charney owning up to 69.1% of the outstanding Endeavor common stock immediately

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following the Closing, assuming that approximately 19.99% of the common stock issued in Endeavor's initial public offering votes against the acquisition and such stock is converted into cash. In the event the acquisition is not consummated, none of the 37,258,065 shares issuable to Mr. Charney, which have an aggregate market value of approximately \$458,274,200 as of November 1, 2007, would be issued. In addition, Mr. Charney will enter into an employment agreement with Endeavor concurrently with the Closing under which he shall receive an annual base salary of \$750,000 and also be entitled to receive an annual bonus of up to 150% of his base salary and a long-term bonus over the initial three-year term of the employment agreement of up to 300% of his base salary upon attainment by Endeavor of performance objectives to be determined by Endeavor's compensation committee following the Closing.

Mr. Charney has the right, but not the obligation to purchase all of Mr. Lim's equity interest in the American Apparel companies prior to Closing for \$60 million plus an additional cash price to be determined based upon the date on which the Lim Buyout is completed. However, in the event that Mr. Charney does not consummate the Lim Buyout prior to the Closing, Endeavor shall effect the Lim Buyout as part of the transaction at its sole cost and expense. Since there is no economic incentive for Mr. Charney to affect the Lim Buyout, Endeavor will effectively be required to affect the Lim Buyout. Assuming the acquisition is consummated on December 14, 2007 and Endeavor is required to purchase Mr. Lim's equity interest, Endeavor would pay Mr. Lim approximately \$67.8 million.

Certain key officers and other employees of American Apparel may receive a cash bonus in connection with the consummation of the acquisition. The aggregate total of cash bonuses to be awarded has been set at \$2.5 million.

All outstanding unsecured indebtedness currently due and owing from American Apparel to Messrs. Charney and Lim, as well as certain members of their respective families and officers of American Apparel, shall be paid by Endeavor immediately following the Closing. At September 30, 2007, the aggregate amount of such indebtedness was approximately \$18.7 million.

Please see the sections entitled *The Acquisition Agreement*, *Acquisition Consideration* and *Certain Relationships and Related Party Transactions*, *American Apparel Related Party Transactions* for a more detailed discussion of these interests.

Federal Income Tax Consequences

The merger of AAI into Merger Sub and the acquisition by Endeavor of all of the outstanding capital stock of the CI companies will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and no gain or loss will be recognized by Endeavor or American Apparel as a result of the acquisition. Further, no gain or loss will be recognized by non-converting stockholders of Endeavor as a result of the acquisition. See the section entitled *The Acquisition Proposal*, *Material Federal Income Tax Consequences of the Acquisition*.

Opinion of Jefferies & Company, Inc.

In connection with the acquisition as contemplated by the Original Agreement, Endeavor's board of directors received an opinion from Jefferies & Company, Inc., or Jefferies, as to (i) the fairness to the holders of Endeavor common stock (other than any affiliates of Endeavor), from a financial point of view and as of the date of Jefferies' opinion, of the consideration of approximately 32.3 million shares of Endeavor common stock that was to be paid by Endeavor pursuant to the Original Agreement, and (ii) whether the fair market value of American Apparel was at least equal to 80% of Endeavor's net assets. The full text of Jefferies' opinion, which sets forth the assumptions made, matters considered and limitations on the scope of review undertaken by Jefferies in rendering its opinion, is attached to this proxy statement as *Annex F*.

Jefferies' opinion addressed only the fairness to the holders of Endeavor common stock (other than any affiliates of Endeavor), from a financial point of view and as of the date of Jefferies' opinion, of the consideration of approximately 32.3 million shares of Endeavor common stock that was to be paid by Endeavor

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under the terms of the Original Agreement, and whether the fair market value of American Apparel was at least equal to 80% of Endeavor's net assets. Jefferies' opinion did not address any other aspect of the acquisition or the terms of the Acquisition Agreement, which amends and restates the Original Agreement in its entirety. Jefferies' opinion does not constitute a recommendation as to how any holder of Endeavor common stock should vote on the acquisition or any matter related thereto.

The amended terms of the acquisition were approved by Endeavor's board on October 29, 2007. Given the limited time remaining between that date and the date Endeavor would be required to liquidate, and the lack of funds available to Endeavor outside of its trust, after discussion with Jefferies, the board determined to forego a fairness opinion with respect to these amended terms. Rather, the board decided to utilize its own comparable company analysis similar to that utilized by it when it considered the Original Agreement in December 2006 and, similar to that used by Jefferies, in part, in its analysis when opining that the consideration to be paid by Endeavor under the Original Agreement was fair from a financial point of view to Endeavor's stockholders. See the section entitled "Important events subsequent to initial board approval" Valuation of revised terms for a discussion of Endeavor's board's analysis of the fairness of the amended terms to Endeavor's stockholders. Since Jefferies' opinion as to the fairness of the transaction related solely to the terms of the Original Agreement and does not relate to the amended terms of the acquisition, investors should not rely on such opinion as to fairness.

Recommendation of Endeavor Board of Directors

Endeavor's board of directors:

has unanimously determined that the acquisition proposal and each of the name change amendment, the capitalization amendment, the Article Sixth amendment and the performance equity plan proposals are fair to and in the best interests of Endeavor and its stockholders;

has unanimously approved the acquisition proposal and each of the name change amendment, the capitalization amendment, the Article Sixth amendment and the performance equity plan proposals;

unanimously recommends that Endeavor's common stockholders vote FOR the acquisition proposal;

unanimously recommends that Endeavor's common stockholders vote FOR the name change amendment proposal;

unanimously recommends that Endeavor's common stockholders vote FOR the capitalization amendment proposal;

unanimously recommends that Endeavor's common stockholders vote FOR the Article Sixth amendment proposal;

unanimously recommends that Endeavor's common stockholders vote FOR the proposal to approve the performance equity plan; and

if necessary, unanimously recommends that Endeavor's common stockholders vote FOR the proposal to approve an adjournment of the special meeting.

American Apparel Stockholders Approval

All of the stockholders of the American Apparel companies have approved the acquisition by written consent for purposes of the corporate and company laws of the State of California and the applicable Canadian federal and provincial law. Accordingly, no further action by the American Apparel stockholders is needed to approve the acquisition.

Reasons for the Acquisition

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Endeavor believes that American Apparel is positioned for continued growth in its markets and believes that a business combination with American Apparel will provide Endeavor stockholders with an opportunity to participate in an enterprise with significant growth potential. American Apparel had an annual growth rate in

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revenues of approximately 41.1% from revenues of approximately \$201.5 million in 2005 to revenues of approximately \$284.3 million in 2006, and an annual growth rate in EBITDA of approximately 33.3% from EBITDA of approximately \$16.8 million in 2005 to EBITDA of approximately \$22.4 million in 2006. For the nine month period ended September 30, 2007, American Apparel had revenues of approximately \$275.6 million. This was an approximate 31% increase over revenues of approximately \$209.8 million for the nine month period ended September 30, 2006. American Apparel's retail sales for the first nine months of 2007 were approximately \$126.0 million, an increase of approximately 51% over retail sales of approximately \$83.6 million in the comparable period for 2006. EBITDA for the nine month period ended September 30, 2007 was approximately \$40.2 million, an increase of approximately 125.8% over EBITDA of approximately \$17.8 million for the comparable period for 2006. See *The Acquisition Proposal Background of the Acquisition Endeavor's Board of Directors Reasons for Approval of the Acquisition*. A discussion of American Apparel's use of EBITDA and a reconciliation of American Apparel's EBITDA to net income, the most comparable GAAP measure, is contained in *Selected Summary Historical and Pro Forma Consolidated Financial Information Non-GAAP Financial Measures*.

Risk Factors

In analyzing the proposed acquisition, Endeavor considered the risk factors identified in *Risk Factors* and notes that, among other risks, American Apparel had aggregate existing net debt as defined in the Acquisition Agreement of approximately \$124.7 million as of September 30, 2007, American Apparel has been required to negotiate waivers from time to time with respect to its noncompliance with certain covenants under its existing bank and credit facilities and American Apparel is involved in certain litigations and claims. See the section entitled *American Apparel's Management Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources*.

As of September 30, 2007 and October 31, 2007 AAI failed to meet the provisions of certain covenants as set forth in its credit facility agreements and term loan agreement. During November 2007, AAI obtained waivers from its bank and private investment firm for the violations of these covenants. AAI also will be required to obtain consents to the amended terms of the acquisition from its lenders at or prior to closing, which it expects to receive. If AAI is determined not to be in compliance with covenants or other terms of its credit and loan facilities in the future and/or is unable to receive any necessary waivers or consents, this may result in additional fees may be assessed against AAI or acceleration of the outstanding debt in its entirety and may adversely affect the ability of AAI to continue operations. American Apparel has reviewed the terms of its credit and loan facilities and does not believe any other default is likely to occur during 2007. If, however, such a default should occur and not be remedied, or if the required consents are not obtained, the substantial majority of AAI's long term indebtedness would be recharacterized as short-term indebtedness to reflect the potential acceleration of such debt if such default is not remedied. If prior to the special meeting of Endeavor's stockholders, any such default should occur, or there should be any other event materially affecting the companies or the acquisition, Endeavor and American Apparel would issue a joint press release disclosing same and the effects thereof and file a corresponding Current Report on Form 8-K.

In evaluating the acquisition proposal, as well as the name change amendment, the capitalization amendment, the Article Sixth amendment and the performance equity plan proposals, you should carefully read this proxy statement and consider the factors discussed in the section entitled *Risk Factors*.

Certain Waivers and Amendments

Waivers

In March and April 2007, Endeavor waived certain obligations of American Apparel contained in the Original Agreement. Specifically, Endeavor waived the requirement that:

American Apparel deliver audited financial statements for the years ended December 31, 2006, 2005 and 2004 by January 30, 2007, although it did not waive the obligation to ultimately deliver such financial statements (which have since been delivered);

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American Apparel deliver projections that demonstrate it would have EBITDA of at least \$50 million for the year ending December 31, 2007 giving effect to certain adjustments; and

American Apparel deliver projections that demonstrate it would have EBITDA of at least \$70 million for the year ending December 31, 2008 giving effect to certain adjustments.

No additional obligations were imposed or agreed to in connection with the foregoing waivers.

Modifications

The Original Agreement provided, as a condition to Endeavor's obligation to close the acquisition, that American Apparel have EBITDA of at least \$30 million for the year ended December 31, 2006, after giving effect to certain adjustments, such as inventory write downs and workers compensation expenses, aggregating \$5 million. In April 2007, Endeavor allowed an increase to the adjustments to approximately \$9.9 million in the aggregate. No additional obligations were imposed or agreed to in connection with the foregoing modification.

Amended and Restated Acquisition Agreement

On November 7, 2007, the Original Agreement was amended and restated in its entirety by the Acquisition Agreement to give effect to the foregoing waivers and modifications by removing those financial statement and financial projections delivery obligations and to, among other things:

substitute a limited liability company for a corporation as the Merger Sub;

increase the number of shares of Endeavor being issued to Mr. Charney at the closing of the acquisition from 32,258,065 to 37,258,065;

provide that if Mr. Charney does not effect the Lim Buyout prior to Closing and Endeavor is therefore required to effect the Lim Buyout, the shares issuable to Mr. Charney in the acquisition would not be reduced as provided in the Original Agreement;

increase the level of American Apparel's net debt above which there would be a downward adjustment in the number of shares issued to Mr. Charney at the closing of the acquisition from \$110 million to \$150 million;

increase the size of the 2007 performance equity plan from 2,710,000 shares to 7,710,000 shares and to provide that stock awards for an aggregate of 2,710,000 shares would be allocated and issued thereunder after Closing and upon filing of an effective registration statement on Form S-8; and

eliminate as a closing condition the hiring of a chief financial officer, chief operations officer and chief information officer.

Additionally, in connection with the revised terms of the acquisition, the terms of the employment agreement to be executed by Mr. Charney and Endeavor at the closing of the acquisition as contemplated by the Original Agreement have been revised and include an annual base salary of \$750,000 and performance-based bonuses. See the section entitled *Directors and Executive Officers of Endeavor Following the Acquisition Executive Compensation Employment Agreement and Non-Competition Covenants*.

After discussion with Jefferies, the board of directors of Endeavor determined to forego obtaining a new opinion in connection with the amended and restated Acquisition Agreement given the limited time remaining to consummate the acquisition prior to the date Endeavor would be required to liquidate and Endeavor's lack of remaining funds outside the trust. See *The Acquisition Proposal Background of the Acquisition Endeavor's Board of Directors Reasons for Approval of the Acquisition*.

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See the section entitled *The Acquisition Agreement Certain Waivers and Amendments* and *The Acquisition Proposal Endeavor's Board of Directors Reasons for Approval of the Acquisition*.

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SELECTED SUMMARY HISTORICAL AND PRO FORMA

CONSOLIDATED FINANCIAL INFORMATION

We are providing the following selected financial information to assist you in your analysis of the acquisition.

AAI's consolidated statements of operations for the nine months ended September 30, 2007 (unaudited) and September 30, 2006 (unaudited) and years ended December 31, 2006 (audited), December 31, 2005 (audited) and December 31, 2004 (unaudited) and consolidated balance sheets as of September 30, 2007 (unaudited), September 30, 2006 (unaudited), December 31, 2006 (audited), December 31, 2005 (audited) and December 31, 2004 (unaudited), are included elsewhere in this proxy statement.

The CI companies' combined statements of operations for the nine months ended September 30, 2007 (unaudited) and September 30, 2006 (unaudited) and years ended December 31, 2006 (audited), December 31, 2005 (audited) and December 31, 2004 (unaudited) and combined balance sheets as of September 30, 2007 (unaudited), September 30, 2006 (unaudited), December 31, 2006 (audited), December 31, 2005 (audited) and December 31, 2004 (unaudited), are included elsewhere in this proxy statement.

Endeavor's statements of operations for the nine months ended September 30, 2007 (unaudited) and September 30, 2006 (unaudited), year ended December 31, 2006 (audited) and period from July 22, 2005 (inception) to December 31, 2005 (audited) and balance sheets as of September 30, 2007 (unaudited), September 30, 2006 (unaudited), December 31, 2006 (audited) and December 31, 2005 (audited), are included elsewhere in this proxy statement.

In the opinion of each of Endeavor's and American Apparel's management, the respective unaudited financial statements include all adjustments (consisting of normal recurring adjustments) that are necessary for a fair presentation of such consolidated financial statements. AAI's interim financial statements for the period ended September 30, 2007 and 2006 were not required to be reviewed and therefore were not reviewed by an independent registered public accounting firm using professional review standards and procedures.

The selected financial information of AAI, the CI companies and Endeavor is only a summary and should be read in conjunction with each company's historical consolidated financial statements and related notes and *Other Information About Endeavor* and *American Apparel's Management's Discussion and Analysis of Financial Condition and Results of Operations* contained elsewhere in this proxy statement. The information presented may not be indicative of the future performance of Endeavor, AAI or the CI companies or the combined company resulting from the acquisition.

Table of Contents**American Apparel, Inc. and Subsidiaries (AAI)****Selected Historical Consolidated Financial Information (a)**

(in thousands of dollars except share data)

	Nine Months Ended						
	September 30,		2006	2005	Year Ended December 31,		2002
	2007	2006			2004	2003	
	(unaudited)	(unaudited)			(unaudited)	(unaudited)	(unaudited)
Consolidated Statements of Operations:							
Net sales	\$ 254,837	\$ 196,745	\$ 264,691	\$ 188,106	\$ 127,929	\$ 77,983	\$ 38,564
Cost of sales	119,103	106,064	138,385	101,048	80,995	49,086	26,390
Gross profit	135,734	90,681	126,306	87,058	46,934	28,897	12,174
Operating expenses	108,270	82,388	117,006	76,823	37,676	22,261	9,812
Income from operations	27,464	8,293	9,300	10,235	9,258	6,636	2,362
Interest expense	12,255	7,869	10,797	6,258	1,928	855	671
Other (income) expense	(1,097)	(350)	(1,208)	2	(12)	172	12
Income (loss) before income taxes	16,306	774	(289)	3,975	7,342	5,609	1,679
Income tax expense (benefit)	4,725	959	1,335	392	1,019	(379)	13
Net income (loss)	\$ 11,581	\$ (185)	\$ (1,624)	\$ 3,583	\$ 6,323	\$ 5,988	\$ 1,666
Weighted average diluted shares outstanding	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Basic and diluted net income (loss) per share	115.81	(1.85)	(16.24)	35.83	63.23	59.88	16.66
Cash dividends per share	47.35	6.74	6.96	29.90	3.13	3.63	4.55

	September 30,		2006	2005	December 31,		2002
	2007	2006			2004	2003	
		(unaudited)	(unaudited)			(unaudited)	(unaudited)
Consolidated Balance Sheet Data:							
Total assets	\$ 182,956	\$ 148,306	\$ 148,157	\$ 124,226	\$ 82,865	\$ 30,206	\$ 12,842
Total current liabilities	50,763	58,830	59,794	44,915	57,622	21,565	9,657
Total long-term liabilities	113,464	76,069	76,661	65,365	12,780	1,696	1,147
Stockholders' equity	18,729	13,407	11,702	13,946	12,463	6,945	2,038

	Nine Months Ended						
	September 30,		2006	2005	Year Ended December 31,		2002
	2007	2006			2004	2003	
	(unaudited)	(unaudited)			(unaudited)	(unaudited)	(unaudited)
Other Cash Flow Data:							
Cash Flow (used in) from operations	\$ (12,629)	\$ 1,505	\$ 9,886	\$ (1,116)	\$ (16,607)	\$ (4,211)	\$ (789)
Cash Flow used in investing activities	(10,892)	(13,085)	(15,232)	(15,859)	(9,895)	(3,119)	(2,285)
Cash Flow from financing activities	26,600	13,432	6,001	17,428	27,756	7,706	3,500
Effect on cash from exchange rates	197	137	177	(136)		0	0
Net change in cash	\$ 3,276	\$ 1,989	\$ 832	\$ 317	\$ 1,254	\$ 376	\$ 426

Other Consolidated Data (unaudited):

Table of Contents**The American Apparel Group of Canada (CI)****Selected Historical Combined Financial Information (a)**

(in thousands of dollars, except share data)

	2007	Nine Months Ended September 30,		2006
	CDN \$	2007 USD \$ (c)	2006 CDN \$	2006 USD \$ (c)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Combined Statements of Operations:				
Net sales	\$ 33,100	\$ 30,017	\$ 25,837	\$ 22,819
Cost of sales	12,044	10,922	9,670	8,541
Gross profit	21,056	19,095	16,167	14,278
Operating expenses	18,294	16,590	14,988	13,238
Income from operations	2,762	2,505	1,179	1,040
Interest expense	991	899	803	708
Other expense (income)				
Income before income taxes	1,771	1,606	376	332
Income tax expense	812	735	259	228
Net Income	\$ 959	\$ 871	\$ 117	\$ 104
Weighted average diluted shares outstanding	2,010	2,010	1,710	1,710
Basic and diluted net income (loss) per share	477.11	433.33	68.12	60.82
Cash dividends per share				

	2007	September 30,		2006
	CDN \$	2007 USD \$ (c)	2006 CDN \$	2006 USD \$ (c)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Combined Balance Sheet Data:				
Total assets	\$ 17,500	\$ 17,642	\$ 18,239	\$ 16,376
Total current liabilities	8,471	8,539	11,727	10,529
Total long-term liabilities	5,882	5,930	4,690	4,211
Shareholders' equity	3,147	3,172	1,822	1,636

	2007	Nine Months Ended September 30,		2006
	CDN \$	2007 USD \$ (c)	2006 CDN \$	2006 USD \$ (c)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other Cash Flow Data:				
Cash Flow from (used in) operations	\$ 5,961	\$ 5,406	\$ (117)	\$ (103)
Cash Flow (used in) investing activities	(2,118)	(1,921)	(937)	(828)
Cash Flow from financing activities	(4,146)	(3,760)	1,032	911
Effect on cash from exchange rates		(14)		27
Net change in cash	\$ (303)	\$ (289)	\$ (22)	\$ 7

	Nine Months Ended September 30,			
	2007 CDN \$ (unaudited)	2007 USD \$ (c) (unaudited)	2006 CDN \$ (unaudited)	2006 USD \$ (c) (unaudited)
Other Data (unaudited):				
EBITDA (b)	\$ 4,125	\$ 3,741	\$ 2,360	\$ 2,084

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- (a) These financial statements do not include the results of operations or financial condition of AAI, which are audited separately and set forth separately in this proxy statement.
- (b) *See Non-GAAP Financial Measures.*
- (c) Canadian dollars presented as of September 30, 2007 and 2006 were converted at an exchange rate of \$1.0081 and \$0.8979, respectively. Canadian dollars presented for the nine months ended September 30, 2007 and 2006 were converted at an exchange rate of \$0.9069 and \$0.8832, respectively.

Table of Contents**The American Apparel Group of Canada (CI)****Selected Historical Combined Financial Information (a)**

(in thousands of dollars, except share data)

	2006	2006	2005	2005	Year Ended December 31,		2003	2003	2002	2002
	CDN \$	USD \$ (c)	CDN \$	USD \$ (c)	2004	2004	CDN \$	USD \$ (c)	CDN \$	USD \$ (c)
					(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Combined Statements of Operations:										
Net sales	\$ 34,658	\$ 30,544	\$ 29,283	\$ 23,728	\$ 17,379	\$ 13,384	\$ 11,038	\$ 7,907	\$ 5,835	\$ 3,718
Cost of sales	12,852	11,327	11,466	9,291	8,786	6,766	6,138	4,397	4,000	2,549
Gross profit	21,806	19,217	17,817	14,437	8,593	6,618	4,900	3,510	1,835	1,169
Operating expenses	20,473	18,042	17,044	13,811	8,068	6,214	3,928	2,814	1,423	907
Income from operations	1,333	1,175	773	626	525	404	972	696	412	262
Interest expense	1,151	1,014	642	520	343	264	125	90	47	30
Income before income taxes	182	161	131	106	182	140	847	606	365	232
Income tax expense	271	239	138	112	71	55	288	206	140	89
Net (loss) income	\$ (89)	\$ (78)	\$ (7)	\$ (6)	\$ 111	\$ 85	\$ 559	\$ 400	\$ 225	\$ 143
Weighted average diluted shares outstanding	1,710	1,710	1,710	1,710	910	910	910	910	910	910
Basic and diluted net income (loss) per share	(52.05)	(45.61)	(4.09)	(3.51)	111.00	85.00	559.00	400.00	225.00	143.00
Cash dividends per share										

	2006	2006	2005	2005	December 31,		2003	2003	2002	2002
	CDN \$	USD \$ (c)	CDN \$	USD \$ (c)	2004	2004	CDN \$	USD \$ (c)	CDN \$	USD \$ (c)
					(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Combined Balance Sheet Data:										
Total assets	\$ 18,082	\$ 15,532	\$ 17,297	\$ 14,834	\$ 11,148	\$ 9,275	\$ 6,005	\$ 4,640	\$ 2,631	\$ 1,669
Total current liabilities	9,152	7,862	10,756	9,225	7,812	6,499	4,226	3,265	1,579	1,002
Total long-term liabilities	7,228	6,205	5,073	4,350	2,046	1,702	523	404	314	199
Shareholders' equity	1,702	1,462	1,468	1,259	1,290	1,074	1,256	971	737	468

	2006	2006	2005	2005	Year Ended December 31,		2003	2003	2002	2002
	CDN \$	USD \$ (c)	CDN \$	USD \$ (c)	2004	2004	CDN \$	USD \$ (c)	CDN \$	USD \$ (c)
					(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other Cash Flow Data:										
Cash Flow from (used in) operations	\$ (519)	\$ (457)	\$ 129	\$ 106	\$ 1,615	\$ 1,241	\$ (1,155)	\$ (827)	\$ (1,121)	\$ (714)
Cash Flow used in investing activities	(1,881)	(1,658)	(3,908)	(3,166)	(3,339)	(2,565)	(518)	(371)	(156)	(99)
Cash Flow from financing activities	2,814	2,480	4,025	3,261	1,724	1,324	1,673	1,198	1,125	716
Effect on cash from exchange rates		(9)		12						

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Net change in cash \$ 414 \$ 356 \$ 246 \$ 211 \$ \$ \$ \$ \$ (152) \$ (97)

	2006	2006	2005	2005	Year Ended December 31,		2003	2003	2002	2002
		USD		USD	2004	2004		USD		USD
	CDN \$	\$ (c)	CDN \$	\$ (c)	CDN \$	\$ (c)	CDN \$	\$ (c)	CDN \$	\$ (c)
	(unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited)									
Other Data (unaudited):										
EBITDA (b)	\$ 2,944	\$ 2,595	\$ 1,866	\$ 1,511	\$ 903	\$ 695	\$ 1,039	\$ 744	\$ 449	\$ 286

- (a) These financial statements do not include the results of operations or financial condition of AAI, which are audited separately and set forth separately in this proxy statement.
- (b) See *Non-GAAP Financial Measures*.
- (c) Canadian dollars presented as of December 31, 2006, 2005, 2004, 2003 and 2002 were converted at an exchange rate of \$0.8590, \$0.8576, \$0.8319, \$0.7727 and \$0.6344 respectively. Canadian dollars presented for the year ended December 31, 2006, 2005, 2004, 2003 and 2002 were converted at an exchange rate of \$0.8813, \$0.8103, \$0.77014, \$0.7163 and \$0.6372 respectively.

Table of Contents**Endeavor Acquisition Corp.****Selected Historical Financial Information****(in thousands of dollars, except share data)**

	Nine Months Ended September 30,		Year Ended	Period from
	2007 (unaudited)	2006 (unaudited)	December 31, 2006	July 22, 2005 (Inception) to December 31, 2005
Statements of Operations:				
Selling, general & administrative expenses	\$ 686	\$ 705	\$ 1,101	\$ 63
Loss from operations	(686)	(705)	(1,101)	(63)
Dividend and interest income	3,264	2,898	3,974	118
Income before provision for income taxes	\$ 2,578	\$ 2,193	\$ 2,873	\$ 55
Provision for income taxes			3	1
Net income	\$ 2,578	\$ 2,193	\$ 2,870	\$ 54
Accretion of trust fund relating to common stock subject to possible conversion	652	580	794	24
Net income available to common stockholders	\$ 1,926	\$ 1,613	\$ 2,076	\$ 30
Weighted average basic shares outstanding	16,678,713	16,668,470	16,668,534	4,670,245
Weighted average diluted shares outstanding	16,748,738	16,668,470	16,668,534	4,670,245
Basic income per share	\$ 0.12	\$ 0.10	\$ 0.12	\$ 0.01
Diluted income per share	\$ 0.11	\$ 0.10	\$ 0.12	\$ 0.01

	September 30,		December 31,	
	2007 (unaudited)	2006 (unaudited)	2006	2005
Balance Sheet Data:				
Total assets	\$ 128,938	\$ 124,822	\$ 125,546	\$ 113,640
Total current liabilities	1,074	214	260	64
Common stock subject to possible conversion	25,674	24,808	25,022	22,461
Stockholders' equity	102,190	99,800	100,264	91,115

	Nine Months Ended September 30,		Year Ended	Period from
	2007	2006	December 31, 2006	July 22, 2005 (Inception) to December 31,

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	(unaudited)		2005	
Cash Flow Data:				
Cash Flow from (used in) operations	\$ 2,721	\$ 2,462	\$ 3,137	\$ (68)
Cash Flow used in investing activities	(3,261)	(11,740)	(12,809)	(112,308)
Cash Flow from financing activities	475	8,840	8,694	113,521
Net change in cash	(65)	(438)	\$ (978)	\$ 1,145

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Non-GAAP Financial Measures

Use of EBITDA

Endeavor believes that EBITDA provides relevant and useful information for analysts and investors as a non-GAAP operating performance measure. In particular, EBITDA is one of the key measures used by Endeavor with respect to the proposed acquisition in the valuation of American Apparel as described in the sections of this proxy statement entitled *The Acquisition Proposal Endeavor's Board of Directors Reasons for Approval of the Acquisition*. In addition, EBITDA is an important valuation tool used by potential investors when assessing the relative performance of a company in comparison to other companies in the same industry.

American Apparel presents EBITDA because it believes it provides an important measure of its financial performance. American Apparel defines EBITDA as net income (loss) before:

interest expense;

income taxes; and

depreciation and amortization.

American Apparel's management uses EBITDA as an important financial measure to assess American Apparel's operating performance. American Apparel's management believes that the presentation of EBITDA included in this proxy statement provides a supplementary non-GAAP operating performance measure to assist readers with the overall evaluation of operating performance and also to assist in the review of results of operations for planning and forecasting certain operations in future periods. The presentation also provides a measurement which industry analysts use when evaluating operating performance and to allow comparisons of operating performance to that of competitors. EBITDA will also be useful for calculating bonuses to be paid to management.

Although American Apparel uses EBITDA as a financial measure to assess the performance of its business, there are material limitations to using a measure such as EBITDA, including the difficulty associated with using it as the sole measure to compare the results of one company to another and the inability to analyze significant items that directly affect a company's net income (loss) or operating income because of the following material limitations:

It does not include interest expense. Because AAI borrowed money to finance its operations, interest expense is a necessary and ongoing part of its costs and has assisted in generating revenue. Therefore, any measure that excludes interest has material limitations.

It does not include taxes. Because the payment of taxes is a necessary and ongoing part of operations, any measure that excludes taxes has material limitations.

It does not include depreciation and amortization expense. Because AAI uses capital assets, depreciation and amortization expense is a necessary element of costs and ability to generate revenue. Therefore, any measure that excludes depreciation and amortization expense has material limitations.

American Apparel's management compensates for these limitations in considering EBITDA in conjunction with its analysis of other GAAP financial measures, such as net income (loss).

Since AAI has previously reported non-GAAP segment results to Endeavor's management and the investment community, we believe the inclusion of non-GAAP numbers provides consistency in financial reporting. Lastly, an investor or potential investor may find any one or all these items important in evaluating AAI's performance, its results of operations and financial position. Management compensates for the

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limitations of using non-GAAP financial measures by using them only to supplement U.S. GAAP results to provide a more complete understanding of the factors and trends affecting AAI's business.

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Reconciliation of AAI s EBITDA

The following table presents a reconciliation of the AAI s EBITDA to its net income, the most directly comparable GAAP financial measure, on a historical basis, for the periods presented:

	Nine Months Ended						
	September 30,		Year Ended December 31,				
	2007 (unaudited)	2006 (unaudited)	2006 (unaudited)	2005 (unaudited)	2004 (unaudited)	2003 (unaudited)	2002 (unaudited)
Net income (loss)	\$ 11,581	\$ (185)	\$ (1,624)	\$ 3,583	\$ 6,323	\$ 5,988	\$ 1,666
Income taxes	4,725	959	1,335	392	1,019	(379)	13
Interest expense	12,255	7,869	10,797	6,258	1,928	855	671
Depreciation and amortization	8,057	7,299	9,430	5,370	2,206	1,072	478
EBITDA	\$ 36,618	\$ 15,942	\$ 19,938	\$ 15,603	\$ 11,476	\$ 7,536	\$ 2,828

Reconciliation of the CI companies EBITDA

The following tables present a reconciliation of the CI companies EBITDA to their net income, the most directly comparable GAAP financial measure, on a historical basis, for the periods presented:

	Nine Months Ended September 30,			
	2007 CDN \$ (unaudited)	2007 USD \$ (unaudited)	2006 CDN \$ (unaudited)	2006 USD \$ (unaudited)
Net Income	\$ 959	\$ 871	\$ 117	\$ 104
Income taxes	812	735	259	228
Interest expense	991	899	803	708
Depreciation and amortization	1,363	1,236	1,181	1,043
EBITDA	\$ 4,125	\$ 3,741	\$ 2,360	\$ 2,084

	Year Ended December 31,									
	2006		2005		2004		2003		2002	
	CDN \$ (unaudited)	USD \$ (unaudited)	CDN \$ (unaudited)	USD \$ (unaudited)	CDN \$ (unaudited)	USD \$ (unaudited)	CDN \$ (unaudited)	USD \$ (unaudited)	CDN \$ (unaudited)	USD \$ (unaudited)
Net income (loss)	\$ (89)	\$ (78)	\$ (7)	\$ (6)	\$ 111	\$ 85	\$ 559	400	225	\$ 143
Income taxes	271	239	138	112	71	55	288	206	140	89
Interest expense	1,151	1,014	642	520	343	264	125	90	47	30
Depreciation and amortization	1,611	1,420	1,093	885	378	291	67	48	37	24
EBITDA	\$ 2,944	\$ 2,595	\$ 1,866	\$ 1,511	\$ 903	\$ 695	\$ 1,039	\$ 744	\$ 449	\$ 286

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Selected Unaudited Pro Forma Combined Financial Information

The acquisition will be accounted for as a reverse merger and recapitalization since the stockholders of American Apparel will own a majority of the outstanding shares of the common stock immediately following the completion of the transaction. American Apparel will be deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of American Apparel. Accordingly, the assets and liabilities and the historical operations that will be reflected in the Endeavor financial statements after consummation of the acquisition will be those of American Apparel and will be recorded at the historical cost basis of American Apparel. Endeavor's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of American Apparel upon consummation of the acquisition.

We have presented below selected unaudited pro forma condensed combined financial information that reflects recapitalization accounting and is intended to provide you with a better picture of what Endeavor's businesses might have looked like had AAI, the CI companies and Endeavor actually been combined as of the periods indicated. You should not rely on the selected unaudited pro forma condensed combined financial information as being indicative of the historical results that would have occurred had the companies been combined or the future results that may be achieved after the acquisition. The following selected unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes thereto included elsewhere in this proxy statement.

We are providing this information to aid you in your analysis of the financial aspects of the acquisition. The following unaudited selected pro forma condensed combined statement of operations combines Endeavor's historical statement of operations for the nine months ended September 30, 2007 and the year ended December 31, 2006 with those of AAI and the CI companies for the nine months ended September 30, 2007 and the year ended December 31, 2006, in each case giving effect to the acquisition as if it had occurred on January 1, 2006. The following unaudited selected pro forma condensed combined balance sheet combines Endeavor's historical balance sheet and those of AAI and the CI companies as of September 30, 2007, giving effect to the transactions described in the Acquisition Agreement as if they had occurred on September 30, 2007.

The unaudited pro forma adjustments are based upon available information and assumptions that we believe are directly attributable to the transaction and are factually supportable. The unaudited pro forma condensed combined statements of operations and the pro forma condensed combined balance sheet do not purport to represent the results of operations that would have occurred had such transactions been consummated on the dates indicated or the financial position for any future date or period.

The following information, which is included elsewhere in this proxy statement, should be read in conjunction with the pro forma condensed combined financial information:

accompanying notes to the unaudited pro forma condensed combined information;

separate historical consolidated financial statements of AAI and the CI companies for the years ended December 31, 2006 and December 31, 2005 as well as unaudited for the year ended December 31, 2004.

separate historical financial statements of Endeavor for the year ended December 31, 2006;

separate historical unaudited consolidated financial statements of AAI and the CI companies for the nine months ended September 30, 2007; and

separate historical unaudited financial statements of Endeavor for the nine months ended September 30, 2007.

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The following selected financial data is derived from the pro forma condensed combined financial statement included elsewhere in this proxy statement, which has been prepared using four different assumptions with respect to the number of outstanding shares of Endeavor stock and cash immediately following the acquisition, as follows:

assuming no conversions and Mr. Charney consummates the Lim Buyout this presentation assumes that no stockholders of Endeavor seek to convert their shares into a pro rata share of the trust account and Mr. Charney purchases all of Mr. Lim's equity interest in the American Apparel companies using his own resources;

assuming maximum conversions and Mr. Charney consummates the Lim Buyout this presentation assumes stockholders of Endeavor owning approximately 19.99% of the stock sold in Endeavor's initial public offering seek conversion and Mr. Charney purchases all of Mr. Lim's equity interest in the American Apparel companies using his own resources;

assuming no conversions and Endeavor consummates the Lim Buyout this presentation assumes that no stockholders of Endeavor seek to convert their shares into a pro rata share of the trust account and Endeavor purchases all of Mr. Lim's equity interest in the American Apparel companies using a portion of the trust fund (estimated at approximately \$67.8 million assuming a closing on December 14, 2007); and

assuming maximum conversions and Endeavor consummate the Lim Buyout this presentation assumes stockholders of Endeavor owning approximately 19.99% of the stock sold in Endeavor's initial public offering seek conversion and Endeavor purchases all of Mr. Lim's equity interest in the American Apparel companies using a portion of the trust fund (estimated at approximately \$67.8 million assuming the acquisition closes on December 14, 2007).

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****ASSUMING LIM BUYOUT EFFECTED BY MR. CHARNEY****SEPTEMBER 30, 2007****(in thousands of dollars, except per share data)**

	American Apparel, Inc. USD \$	American Apparel Canada CDN \$	American Apparel Canada USD \$	Inter- company Eliminations USD \$	Combined AA Companies (AAI & CI) USD \$	Endeavor Acquisition Corp. USD \$	Pro Forma Adjustments No Conversion USD \$	Pro Forma Combined-No Conversion USD \$	Pro Forma Adjustments Maximum Conversion USD \$	Pro Forma Combined Maximum Conversion USD \$
Total assets	\$ 182,956	\$ 17,500	\$ 17,642	\$ (1,316)	\$ 199,282	\$ 128,938	\$ (16,782)	\$ 311,438	\$ (25,674)	\$ 285,764
Current Liabilities	50,763	8,471	8,539	(1,150)	58,152	1,074	(14,188)	45,038		45,038
Long-term debt, net of current portion	102,106	5,004	5,045		107,151		(4,556)	102,595		102,595
Capital lease obligations, net of current portion	3,681				3,681			3,681		3,681
Deferred rent	7,677	878	885		8,562			8,562		8,562
Total stockholders' equity	18,729	3,147	3,173	(166)	21,736	127,864	1,962	151,562	(25,674)	125,888
Total liabilities and stockholders' equity	\$ 182,956	\$ 17,500	\$ 17,642	\$ (1,316)	\$ 199,282	\$ 128,938	\$ (16,782)	\$ 311,438	\$ (25,674)	\$ 285,764

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****ASSUMING LIM BUYOUT EFFECTED BY MR. CHARNEY****NINE MONTHS ENDED, SEPTEMBER 30, 2007****(in thousands of dollars)**

	American Apparel, Inc. USD \$	American Apparel, Canada CDN \$	American Apparel Canada USD \$	Intercompany Eliminations USD \$	Combined AA Companies (AAI & CI) USD \$	Endeavor Acquisition Corp. USD \$	Pro Forma Adjustments No Conversion USD \$	Pro Forma Combined-No Conversion USD \$
Net sales	\$ 254,837	\$ 33,100	\$ 30,017	(9,217)	\$ 275,637	\$	\$	\$ 275,637
Cost of goods sold	119,103	12,044	10,922	(9,051)	120,974			120,974
Gross profit	135,734	21,056	19,095	(166)	154,663			154,663
Selling, general and administrative	108,270	18,294	16,590		124,860	686		125,546
Income (loss) from operations	27,464	2,762	2,505	(166)	29,803	(686)		29,117
Interest and other (income) expense	11,158	991	899		12,057	(3,264)	(1,531)	7,262
Income (loss) before income taxes	16,306	1,771	1,606	(166)	17,746	2,578	1,531	21,855
Income tax provision (benefit)	4,725	812	735		5,460		(186)	5,274
Net income (loss)	11,581	959	871	(166)	12,286	2,578	1,717	16,581
Accretion of trust fund, relating to Common Stock subject to possible conversion						652		652
Net income (loss) available to common stockholders	\$ 11,581	\$ 959	\$ 871	\$ (166)	\$ 12,286	\$ 1,926	\$ 1,717	\$ 15,929

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****ASSUMING LIM BUYOUT EFFECTED BY MR. CHARNEY****YEAR ENDED DECEMBER 31, 2006**

(in thousands of dollars)

	American Apparel, Inc. USD \$	American Apparel Canada CDN \$	American Apparel Canada USD \$	Intercompany Eliminations USD \$	Combined AA Companies (AAI & CI) USD \$	Endeavor Acquisition Corp. USD \$	Pro Forma Adjustments No Conversion USD \$	Pro Forma Combined-No Conversion USD \$
Net sales	\$ 264,691	\$ 34,658	\$ 30,546	\$ (10,972)	\$ 284,265	\$	\$	\$ 284,265
Cost of goods sold	138,385	12,852	11,327	(10,790)	138,922			138,922
Gross profit	126,306	21,806	19,219	(182)	145,343			145,343
Selling, general and administrative	117,006	20,473	18,044		135,050	1,101		136,151
Income (loss) from operations	9,300	1,333	1,175	(182)	10,293	(1,101)		9,192
Interest and other (income) expense	9,589	1,151	1,014		10,603	(3,974)	(1,415)	5,214
Income (loss) before income taxes	(289)	182	161	(182)	(310)	2,873	1,415	3,978
Income tax provision (benefit)	1,335	271	239		1,574	3	(2,236)	(659)
Net income (loss)	(1,624)	(89)	(78)	(182)	(1,884)	2,870	3,651	4,637
Accretion of trust fund, relating to Common Stock subject to possible conversion						794		794
Net income (loss) available to common stockholders	\$ (1,624)	\$ (89)	\$ (78)	\$ (182)	\$ (1,884)	\$ 2,076	\$ 3,651	\$ 3,843

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****ASSUMING LIM BUYOUT EFFECTED BY ENDEAVOR****SEPTEMBER 30, 2007****(in thousands of dollars)**

	American Apparel, Inc. USD \$	American Apparel Canada CDN \$	American Apparel Canada USD \$	Intercompany Eliminations USD \$	Combined AAI & CI USD \$	Endeavor Acquisition Corp. USD \$	Pro Forma Adjustments No Conversion USD \$	Pro Forma Combined- No Conversion USD \$	Pro Forma Adjustments Maximum Allowable Conversion USD \$	Pro Forma Combined Maximum Allowable Conversion USD \$
Total assets	\$ 182,956	\$ 17,500	\$ 17,642	\$ (1,316)	\$ 199,282	\$ 128,938	\$ (84,622)	\$ 243,598	\$ (25,674)	\$ 217,924
Current Liabilities	50,763	8,471	8,539	(1,150)	58,152	1,074	(14,188)	45,038		45,038
Long-term debt, net of current portion	102,106	5,004	5,045		107,151		(4,556)	102,595		102,595
Capital lease obligations, net of current portion	3,681				3,681			3,681		3,681
Deferred rent	7,677	878	885		8,562			8,562		8,562
Total stockholders equity	18,729	3,147	3,173	(166)	21,736	127,864	(65,878)	83,722	(25,674)	58,048
Total liabilities and stockholders equity	\$ 182,956	\$ 17,500	\$ 17,642	\$ (1,316)	\$ 199,282	\$ 128,938	\$ (84,622)	\$ 243,598	\$ (25,674)	\$ 217,924

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****ASSUMING LIM BUYOUT EFFECTED BY ENDEAVOR****NINE MONTHS ENDED SEPTEMBER 30, 2007****(in thousands of dollars)**

	American Apparel, Inc. USD \$	American Apparel, Canada CDN \$	American Apparel Canada USD \$	Intercompany Eliminations USD \$	Combined AA Companies (AAI & CI) USD \$	Endeavor Acquisition Corp. USD \$	Pro Forma Adjustments No Conversion USD \$	Pro Forma Combined-No Conversion USD \$
Net sales	\$ 254,837	\$ 33,100	\$ 30,017	(9,217)	\$ 275,637	\$	\$	\$ 275,637
Cost of goods sold	119,103	12,044	10,922	(9,051)	120,974			120,974
Gross profit	135,734	21,056	19,095	(166)	154,663			154,663
Selling, general and administrative	108,270	18,294	16,590		124,860	686		125,546
Income (loss) from operations	27,464	2,762	2,505	(166)	29,803	(686)		29,117
Interest and other (income) expense	11,158	991	899		12,057	(3,264)	(1,531)	7,262
Income (loss) before income taxes	16,306	1,771	1,606	(166)	17,746	2,578	1,531	21,855
Income tax provision (benefit)	4,725	812	735		5,460		(186)	5,274
Net income (loss)	11,581	959	871	(166)	12,286	2,578	1,717	16,581
Accretion of trust fund, relating to Common Stock subject to possible conversion						652		652
Net income (loss) available to common stockholders	\$ 11,581	\$ 959	\$ 871	\$ (166)	\$ 12,286	\$ 1,926	\$ 1,717	\$ 15,929

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****ASSUMING LIM BUYOUT EFFECTED BY ENDEAVOR****YEAR ENDED, DECEMBER 31, 2006****(in thousands of dollars, except per share data)**

	American Apparel, Inc. USD \$	American Apparel Canada CDN \$	American Apparel Canada USD \$	Intercompany Eliminations USD \$	Combined AA Companies (AAI & CI) USD \$	Endeavor Acquisition Corp. USD \$	Pro Forma Adjustments No Conversion USD \$	Pro Forma Combined-No Conversion USD \$
Net sales	\$ 264,691	\$ 34,658	\$ 30,546	\$ (10,972)	\$ 284,265	\$		\$ 284,265
Cost of goods sold	138,385	12,852	11,327	(10,790)	138,922			138,922
Gross profit	126,306	21,806	19,219	(182)	145,343			145,343
Selling, general and administrative	117,006	20,473	18,044		135,050	1,101		136,151
Income (loss) from operations	9,300	1,333	1,175	(182)	10,293	(1,101)		9,192
Interest and other (income) expense	9,589	1,151	1,014		10,603	(3,974)	(1,415)	5,214
Income (loss) before income taxes	(289)	182	161	(182)	(310)	2,873	1,415	3,978
Income tax provision (benefit)	1,335	271	239		1,574	3	(2,236)	(659)
Net income (loss)	(1,624)	(89)	(78)	(182)	(1,884)	2,870	3,651	4,637
Accretion of trust fund, relating to Common Stock subject to possible conversion						794		794
Net income (loss) available to common stockholders	\$ (1,624)	\$ (89)	\$ (78)	\$ (182)	\$ (1,884)	\$ 2,076	\$ 3,651	\$ 3,843

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**Comparative Per Share Data**

The following table sets forth unaudited pro forma combined per share ownership information of AAI, the CI companies and Endeavor after giving effect to the acquisition, assuming both no conversions and maximum conversions by Endeavor stockholders. You should read this information in conjunction with the selected summary historical financial information included elsewhere in this proxy statement, and the historical financial statements of AAI, the CI companies and Endeavor and related notes that are included elsewhere in this proxy statement. The unaudited AAI, the CI companies and Endeavor pro forma combined per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information and related notes included elsewhere in this proxy statement.

The unaudited pro forma combined earnings per share information below does not purport to represent the earnings per share which would have actually occurred had the companies been combined, nor earnings per share for any future date or period. The unaudited pro forma combined book value per share information below does not purport to represent what the value of AAI, the CI companies and Endeavor would have actually been had the companies been combined. The numerator used to calculate the per share data for the annual periods ended December 31, 2004 and 2005 were derived from the summary of selected financial information contained in pages 13 through 17 of the proxy statement. For the year ended December 31, 2006 and for the nine months ended September 30, 2007 the numerator used was based on the information contained in the pro forma financials on pages 97 through 116 of the proxy statement. The denominator used to calculate diluted earnings per share for all periods presented include warrants aggregating 16,160,745 and options aggregating 700,000.

	December 31,			Nine Months Ended
	2004	2005	2006	30-September-07
Book value per common share:				
AAI Historical				\$ 187.29
CI Historical (\$US)				\$ 1,851.28
Endeavor Historical commenced operations July 22, 2005				\$ 6.13
Pro forma book value per share assuming Mr. Charney effects the Lim buyout:				
Assuming no conversions				\$ 2.65
Assuming maximum conversions				\$ 2.33
Pro forma book value per share assuming Endeavor effects the Lim buyout:				
Assuming no conversions				\$ 1.46
Assuming maximum conversions				\$ 1.08
Net Income (loss) per common share Basic and Diluted:				
AAI Historical Basic and diluted	\$ 63.23	\$ 35.83	\$ (16.24)	\$ 115.81
CI Historical Basic and diluted (\$US)	\$ 85.00	\$ (3.51)	\$ (45.61)	\$ 433.33
Endeavor Historical basic (commenced operations July 22, 2005)	n/a	\$ 0.01	\$ 0.12	\$ 0.12
Endeavor Historical diluted (commenced operations July 22, 2005)	n/a	\$ 0.01	\$ 0.12	\$ 0.11
Basic pro forma net income per share assuming Mr. Charney effects the Lim buyout:				
Assuming no conversions	\$ 0.09	\$ 0.05	\$ 0.07	\$