GLG Partners, Inc.
Form S-1
December 06, 2007

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As filed with the Securities and Exchange Commission on December 6, 2007

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GLG Partners, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**6282**	**20-5009693**
(State or Other Jurisdiction of Incorporation of Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

390 Park Avenue, 20th Floor
New York, New York 10022
(212) 224-7200
(Address, including zip code, and telephone number including area code, of registrant s principal executive offices)

Alejandro R. San Miguel, Esq.
General Counsel and Corporate Secretary
390 Park Avenue, 20th Floor
New York, New York 10022
(212) 224-7200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Sey-Hyo Lee, Esq.
Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, New York 10112
(212) 408-5100

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o – –

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o – –

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o – –

CALCULATION OF REGISTRATION FEE

le of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Security(1)	Proposed Maximum Aggregate Offering Price(1)	Amount o Registration
rants to purchase Common Stock	21,500,003 Warrants(2)	(3)	(3)	(3)
nmon Stock, par value $0.0001 per re	17,000,003 shares(2)	$13.16(4)	$223,720,039(4)	$6,868
nmon Stock, par value $0.0001 per re	21,500,003 shares(5)	$7.50	$161,250,023	$4,951
nmon Stock, par value $0.0001 per re	45,650,400 shares(6)	$7.50	$342,378,000	$10,511
l				$22,330

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act.

(2) Outstanding securities issued in reliance upon an available exemption from registration under the Securities Act, by reason of Section 4(2) thereof, to persons who are accredited investors , as defined in Regulation D promulgated under the Securities Act.

(3) Pursuant to Rule 457(g) of the Securities Act, no separate registration fee is required with respect to the warrants.

(4) The price per share and aggregate offering price are based on the average of the high and low sales prices of the registrant s common stock on November 29, 2007, as reported on the New York Stock Exchange.

(5) Issuable upon exercise of the warrants being registered hereunder.

(6) Issuable upon exercise of outstanding publicly traded warrants.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion Dated December 6, 2007

GLG Partners, Inc.

Common Stock, par value $0.0001 per share
Warrants to purchase Common Stock

This prospectus relates to the issuance by us of 67,150,403 shares of our common stock, par value $0.0001 per share, of which:

45,650,400 shares are issuable upon the exercise of outstanding warrants originally issued in our initial public offering pursuant to a prospectus dated December 21, 2006; and

21,500,003 shares are issuable upon the exercise of outstanding warrants issued in private placements to our founders and sponsors.

This prospectus also relates to the resale by selling stockholders of up to (1) 17,000,003 shares of our common stock and 17,000,003 warrants underlying outstanding units and an additional 4,500,000 warrants, in each case issued in private placements to our founders and sponsors, and (2) 21,500,003 shares of our common stock issued on exercise by selling stockholders of such privately placed warrants.

Each warrant entitles the holder to purchase one share of our common stock. In order to obtain the shares, the holders of the warrants must pay an exercise price of $7.50 per share. We will receive proceeds from the exercise of the warrants but not from the sale of the underlying common stock.

Each unit consists of one share of our common stock and one warrant. We will not receive any proceeds from the resale of any shares of common stock or warrants sold by selling stockholders.

Our common stock, warrants and units are listed on the New York Stock Exchange and trade under the symbols GLG , GLG WS and GLG.U , respectively. On December 5, 2007, the closing sale prices of the common stock, warrants and units were $13.69 per share, $6.10 per warrant and $19.80 per unit, respectively.

Investing in our securities involves a high degree of risk. See Risk Factors beginning on page 7 of this prospectus for a discussion of information that should be considered before buying shares of our common stock or our warrants.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different.

The information contained in this prospectus is correct as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares of our common stock. You should be aware that some of this information may have changed by the time this document is delivered to you.

The date of this prospectus is , 2007.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus summary. Unless the context indicates otherwise, the terms the Company , we , us and our refer to the combined company, which has been renam GLG Partners, Inc., in connection with the acquisition by Freedom Acquisition Holdings, Inc. and its then consolidated subsidiaries (Freedom) of GLG Partners LP and certain of its affiliated entities (collectively, GLG) by means of a reverse acquisition transaction, and its subsidiaries.

Our Company

We are the largest independent alternative asset manager in Europe and the eleventh largest globally, offering our base of long-standing prestigious clients a diverse range of investment products and account management services. Our focus is on preserving clients capital and achieving consistent, superior absolute returns with low volatility and low correlations to both the equity and fixed income markets. Since our inception in 1995, we have built on the roots of our founders in the private wealth management industry to develop into one of the world s largest and most recognized alternative investment managers, while maintaining our tradition of client-focused product development and customer service.

We use a multi-strategy approach across the funds we manage, offering approximately 40 funds across equity, credit, convertible and emerging markets products. We refer to these funds as the GLG Funds. As of September 30, 2007, our gross assets under management, or AUM, (including assets invested from other GLG Funds) were approximately $23.6 billion, up from approximately $3.9 billion as of December 31, 2001, representing a compound annual growth rate, or CAGR, of 37%. As of September 30, 2007, our net AUM (net of assets invested from other GLG Funds) were approximately $20.5 billion, up from approximately $3.9 billion as of December 31, 2001, representing a CAGR of 33%. During the three months ended September 30, 2007, on a dollar-weighted basis, the net returns of the GLG Funds decreased less than 0.5% and managed account inflows and gross fund-based inflows of AUM (net of redemptions) exceeded $1.7 billion.

We derive revenues by charging performance fees based on the performance of the funds and accounts we manage and management and administration fees as a percentage of the AUM of the funds and accounts we manage. Unlike other typical alternative asset managers, we do not hold any ownership interests, investments or carried interests in the GLG Funds, other than a de minimis amount of subscriber and management shares. The subscriber and management shares are for a fixed notional amount and do not have an entitlement to participate in movements in net asset value, nor do they generate any income for us. As a result, we do not receive any income by reason of investment on our own account in the GLG Funds.

In addition, our principals, their related trustees and our key personnel do not have any carried interests in the GLG Funds. However, they have their own direct investments in the GLG Funds. Currently, they have invested, including certain cash proceeds from the sale of GLG, approximately $776 million of additional net AUM in the GLG Funds. Altogether, the former GLG shareowners described below (including our principals, their trustees and our key personnel) invested from their cash proceeds from the sale of GLG and from other funds approximately $877 million of additional net AUM in the GLG Funds.

We have built an experienced and highly-regarded investment management team of 95 investment professionals and supporting staff of 205 personnel, based primarily in London, representing decades of experience in the alternative asset management industry. In addition, we receive dedicated research and administrative services with respect to our U.S.-focused investment strategies from GLG Inc., an independently owned dedicated service provider based in New York with 27 personnel. In June 2007, GLG Partners LP agreed to acquire GLG Inc. subject to certain conditions,

including registration by GLG Inc. and GLG Partners LP (to the extent required by applicable law) as investment advisers under the U.S. Investment Advisers Act of 1940. On December 3, 2007, GLG Inc. filed a registration statement under the Investment Advisers Act with the SEC. We have been designated by GLG Partners LP as the purchaser of GLG Inc., and we expect to complete the acquisition of GLG Inc. in 2008.

Our principal executive office is located at 390 Park Avenue, 20th Floor, New York, New York 10022. Our telephone number is (212) 224-7200.

Recent Developments

On November 2, 2007, we completed the acquisition of GLG Partners Limited, GLG Holdings Limited, Mount Granite Limited, Albacrest Corporation, Liberty Peak Ltd., GLG Partners Services Limited, Mount Garnet Limited, Betapoint Corporation, Knox Pines Ltd., GLG Partners Asset Management Limited and GLG Partners (Cayman) Limited (each, an Acquired Company and collectively, the Acquired Companies) pursuant to a Purchase Agreement dated as of June 22, 2007 among us, our wholly owned subsidiaries, FA Sub 1 Limited, FA Sub 2 Limited and FA Sub 3 Limited, Jared Bluestein, as the buyers representative, Noam Gottesman, as the sellers representative, Lehman (Cayman Islands) Ltd, Noam Gottesman, Pierre Lagrange, Emmanuel Roman, Jonathan Green, Leslie J. Schreyer, in his capacity as trustee of the Gottesman GLG Trust, G&S Trustees Limited, in its capacity as trustee of the Lagrange GLG Trust, Jeffrey A. Robins, in his capacity as trustee of the Roman GLG Trust, Abacus (C.I.) Limited, in its capacity as trustee of the Green GLG Trust, Lavender Heights Capital LP, Ogier Fiduciary Services (Cayman) Limited, in its capacity as trustee of the Green Hill Trust, Sage Summit LP and Ogier Fiduciary Services (Cayman) Limited, in its capacity as trustee of the Blue Hill Trust (each, a GLG Shareowner and collectively, the GLG Shareowners). We refer to Messrs. Gottesman, Lagrange and Roman collectively as the Principals, and the trustees of the Gottesman GLG Trust, the Lagrange GLG Trust and the Roman GLG Trust collectively as the Trustees.

Effective upon the consummation of the acquisition, (1) each Acquired Company became a subsidiary of ours, (2) the business and assets of GLG became our only operations and (3) we changed our name from Freedom Acquisition Holdings, Inc. to GLG Partners, Inc.

Because the acquisition was considered a reverse acquisition recapitalization for accounting purposes, the combined historical financial statements of GLG became our historical financial statements.

On October 30, 2007, we and our wholly owned subsidiaries entered into a credit agreement with a syndicate of banks arranged and led by Citigroup Global Markets, Inc. providing our subsidiary FA Sub 3 Limited, subject to customary conditions, with: (i) a 5-year non-amortizing revolving credit facility in a principal amount of up to $40.0 million; and (ii) a 5-year amortizing term loan facility in a principal amount of up to $530.0 million. On November 2, 2007, we borrowed $530.0 million under the term loan facility to finance the purchase price for our acquisition of the Acquired Companies, including purchase price adjustments, to pay transaction costs and to repay existing GLG indebtedness. The remaining $40.0 million under the revolving credit facility was also drawn down in November 2007.

On November 2, 2007, our board of directors approved a warrant and stock repurchase plan authorizing us to repurchase up to a total $100.0 million of warrants and common stock in the open market or in negotiated block purchases over the following six months. As of December 3, 2007, we have repurchased 7,149,600 warrants.

Public Stockholders Warrants

On December 28, 2006, we sold 48,000,000 units in our initial public offering, and on January 24, 2006, the underwriters for our initial public offering purchased an additional 4,800,000 units pursuant to an over-allotment option. Each unit consists of one share of common stock and one warrant. Each warrant entitles the holder to purchase one share of our common stock. In order to obtain the shares, the holders of the warrants must pay an exercise price of $7.50 per share.

The warrants will not be exercisable until December 21, 2007 and will expire on December 28, 2011, unless earlier redeemed. Beginning December 21, 2007, we may redeem the warrants at a price of $0.01 per warrant upon a

minimum of 30 days prior written notice of redemption if, and only if, the last sale price of our common stock equals or exceeds $14.25 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption.

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Founders Units and Warrants

Prior to our initial public offering, we issued an aggregate of 12,000,003 units, each consisting of one warrant and one share of our common stock, to our sponsors, Berggruen Holdings North America Ltd. and Marlin Equities II, LLC, and independent directors, whom we refer to collectively as our founders, in a private placement. The founders warrants are substantially similar to the public stockholders warrants, except that the founders warrants:

- will become exercisable if and when the last sales price of our common stock exceeds $14.25 per share for any 20 trading days within a 30-trading day period beginning January 31, 2008; and
- are non-redeemable so long as they are held by the founders or their permitted transferees.

The founders units, shares and warrants (1) held by our founders are subject to certain restrictions on transfer pursuant to the terms of letter agreements between each of the founders and Citigroup Global Market, Inc., as sole book running manager of our initial public offering, and (2) held by our sponsors are subject to certain restriction on transfer pursuant to the terms of the founders agreement entered into among Noam Gottesmann, as Sellers Representative, the Principals, the Trustees and our sponsors, each of which provides that subject to certain exceptions, these units and the underlying shares and warrants may not be transferred until November 2, 2008.

Sponsors Warrants and Co-Investment Units and Warrants

In connection with our initial public offering, we issued 4,500,000 warrants to purchase common stock to our sponsors in a private placement. In addition, immediately prior to the consummation of our acquisition of GLG, we issued 5,000,000 units, each consisting of one warrant and one share of common stock, as part of the co-investment by our sponsors and certain affiliated persons, including Ian Ashken and Martin Franklin, directors of ours, of $50.0 million in a private placement. The sponsors warrants and the co-investment warrants have terms and provisions that are substantially similar to the public stockholders warrants, except that these warrants (including the common stock to be issued upon exercise of these warrants) are not transferable or salable by their holders or their permitted warrant transferees until November 2, 2008, except to permitted warrant transferees.

The sponsors warrants are non-redeemable so long as the sponsors or their permitted warrant transferees hold such warrants, while the co-investment warrants are subject to the same redemption provisions as those to which the public stockholders warrants are subject. Our sponsors have agreed to exercise the sponsor warrants at the written demand of Mr. Gottesman, as the GLG Shareowners representative, any time after the redemption of the public warrants and amendment to such sponsor warrants permitting a cashless exercise. The sponsors warrants and the co-investment units, shares and warrants held by our founders and sponsors are also subject to the same restrictions on transfer applicable to the founders units, shares and warrants pursuant to letter agreements and the founders agreement described above under Founders Units and Warrants .

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THE OFFERING

Shares Offered by the Company	67,150,403 shares of common stock, par value $0.0001 per share, of which: 45,650,400 shares are issuable upon exercise of outstanding warrants issued in connection with the Company s initial public offering on December 21, 2006; and 21,500,003 shares are issuable upon the exercise of outstanding warrants issued in private placements to our founders and sponsors.
Shares and/or Warrants Offered by Selling Stockholders	17,000,003 shares of our common stock and warrants underlying units issued in private placements to our founders and sponsors, whom we refer to collectively as the selling stockholders, and the shares of our common stock issuable upon exercise of such warrants
Additional Warrants Offered by Selling Stockholders	4,500,000 warrants issued in private placements to the selling stockholders, and the shares of our common stock issuable upon exercise of such warrants
Warrant Exercise Price	$7.50 per share
Common Stock Outstanding as of November 30, 2007	240,894,910 shares*
Common Stock to be Outstanding Assuming Exercise of All of the Warrants	308,045,313 shares*
Use of Proceeds	The Company will receive up to an aggregate of approximately $503,628,023 from the exercise of the warrants, if they are exercised in full. The Company expects that any net proceeds from the exercise of the warrants will be used to fund additional repurchases of warrants and shares of common stock, for general corporate purposes and to fund working capital. The selling stockholders will receive all of the proceeds from the sale of any shares of common stock and/or warrants sold by them pursuant to this prospectus. We will not receive any proceeds from these sales.
NYSE Trading Symbols:	
Common Stock	GLG
Warrants	GLG WS
Units	GLG.U

* Does not include 58,904,993 shares of our common stock issuable in exchange for 58,904,993 exchangeable Class B ordinary shares of FA Sub 2 Limited and 58,904,993 associated shares of Series A voting preferred stock of the Company beneficially owned by Noam Gottesman and the Trustee of the Gottesman GLG Trust, which may be exchanged by the holder thereof at any time and from time to time.

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SUMMARY COMBINED HISTORICAL FINANCIAL INFORMATION OF GLG

Because the acquisition was considered a reverse acquisition recapitalization for accounting purposes, the combined historical financial statements of GLG became our historical financial statements. The summary combined historical financial information of GLG as of and for the nine months ended September 30, 2007 and for the nine months ended September 30, 2006 was derived from unaudited condensed combined financial statements of GLG included in this prospectus. The summary combined historical financial information of GLG as of and for the years ended December 31, 2006, 2005 and 2004 was derived from combined financial statements of GLG audited by Ernst & Young LLP, independent registered public accounting firm, included in this prospectus. The summary combined historical financial information of GLG as of September 30, 2006 and as of and for the years ended December 31, 2003 and 2002 was derived from unaudited combined financial statements of GLG not included in this prospectus. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements of GLG and the notes thereto included in this prospectus.

	Years Ended December 31,					Nine Months Ended September 30,	
	2002	2003	2004	2005	2006	2006	2007
	(Unaudited)		(US dollars in thousands)			(Unaudited)	
Combined Statement of Operations Data:							
Net revenues and other income:							
Management fees, net	$ 30,108	$ 65,259	$ 138,988	$ 137,958	$ 186,273	$ 129,981	$ 198,892
Performance fees, net	31,288	206,685	178,024	279,405	394,740	177,047	343,835
Administration fees, net				311	34,814	25,050	42,986
Transaction charges	80,613	115,945	191,585	184,252			
Other	626	6,497	6,110	1,476	5,039	1,883	7,875
Total net revenues and other income	142,635	394,386	514,707	603,402	620,866	333,961	593,588
Expenses:							
Employee compensation and benefits	(88,994)	(158,789)	(196,784)	(345,918)	(168,386)	(118,194)	(110,526)
General, administrative and other	(22,052)	(23,005)	(42,002)	(64,032)	(68,404)	(43,721)	(79,634)
Total expenses	(111,046)	(181,794)	(238,786)	(409,950)	(236,790)	(161,915)	(190,160)
Income from operations	31,589	212,592	275,921	193,452	384,076	172,046	403,428

Interest income, net	882	709	519	2,795	4,657	3,603	4,694
Income before income taxes	32,471	213,301	276,440	196,247	388,733	175,649	408,122
Income taxes	(8,456)	(49,966)	(48,372)	(25,345)	(29,225)	(14,803)	(33,020)
Net income	$ 24,015	$ 163,335	$ 228,068	$ 170,902	$ 359,508	$ 160,846	$ 375,102
Distributions to Principals and Trustees	$ (33,895)	$ (70,825)	$ (222,074)	$ (106,531)	$ (165,705)	$ (148,533)	$ (254,331)
Distributions to non-controlling interest holders					(14,656)	$ (6,718)	$ (215,744)

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	As of December 31,					As of September 30,	
	2002	2003	2004	2005	2006	2006	2007
	(Unaudited)		(US dollars in thousands)			(Unaudited)	
Combined Balance Sheet Data:							
Cash and cash equivalents	$ 28,450	$ 65,655	$ 136,378	$ 236,261	$ 273,148	$ 272,711	$ 391,732
Fees receivable	34,826	139,103	163,235	246,179	251,963	23,229	40,687
Working capital	15,579	25,940	20,395	42,387	370,094	198,032	273,639
Property and equipment, net	4,102	3,801	4,342	3,290	6,121	3,847	8,966
Total assets	75,359	220,829	310,592	495,340	557,377	315,111	474,195
Accrued compensation and benefits	21,654	25,038	125,850	247,745	102,507	60,310	63,199
Other liabilities					5,100	3,972	3,654
Loans payable	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Total members equity	19,400	112,722	117,980	180,229	361,952	187,435	267,736

RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully all of the material risks described below, together with the other information contained in this prospectus before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment.

Risks Related to Our Business

Difficult market conditions may adversely affect our business in many ways, each of which could materially reduce our revenue and cash flow and adversely affect our business, results of operations or financial condition.

Our business is materially affected by conditions in the global financial markets and economic conditions throughout the world that are outside our control, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity and the value of investments, and we may not be able to or may choose not to manage our exposure to these market conditions. Our profitability may also be adversely affected by fixed costs and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions.

A general market downturn, or a specific market dislocation, may result in lower net inflows and lower returns for the GLG Funds, which would adversely affect our revenues. Furthermore, such conditions would also increase the risk of default with respect to investments held by the GLG Funds that have significant debt investments.

Our revenue, net income and cash flow are dependent upon performance fees, which may make it difficult for us to achieve steady earnings growth on a semi-annual basis.

Our revenue, net income and cash flow are all highly variable, primarily due to the fact that performance fees can vary significantly from period to period, in part, because performance fees are recognized as revenue only when contractually payable, or crystallized , from the GLG Funds and managed accounts to which they relate, generally on June 30 and December 31 of each year for the majority of the GLG Funds. Although we have historically had low inter-group correlations across asset classes, we may also experience fluctuations in our results from period to period due to a number of other factors, including changes in the values of the GLG Funds investments, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in our operating expenses, the degree to which we encounter competition and general economic and market conditions. Such variability may lead to volatility in the trading price of our common stock and cause our results for a particular period not to be indicative of our performance in a future period. It may be difficult for us to achieve steady growth in net income and cash flow on a semi-annual basis, which could in turn lead to large adverse movements in the price of our common stock or increased volatility in our stock price generally.

The GLG Funds have high water marks , whereby performance fees are earned by us only to the extent that the net asset value of a GLG Fund at the end of a semi-annual period exceeds the highest net asset value on the last date on which a performance fee was earned. Certain of the GLG Funds also have LIBOR hurdles whereby performance fees are not earned during a particular period until the returns of such funds surpass the LIBOR rate. The performance fees we earn are therefore dependent on the net asset value of the GLG Funds, which could lead to significant volatility in

our semi-annual results. Because our revenue, net income and cash flow can be highly variable from period to period, we plan not to provide any guidance regarding our expected semi-annual and annual operating results. The lack of guidance may affect the expectations of public market analysts and could cause increased volatility in our stock price.

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Periods of underperformance could lead to disproportionate redemptions in the GLG Funds or a decline in the rate at which we acquire additional AUM.

If the GLG Funds underperform, existing clients may decide to reduce or redeem or sell their investments or transfer asset management responsibility to other asset managers and we may be unable to obtain new asset management business. Poor performance relative to other asset management firms may result in reduced purchases of fund shares or units and increased sales or redemptions of fund shares or units. As a result, investment underperformance could have a material adverse effect on our business, results of operations or financial condition. Such underperformance would also likely lead to a decrease in our revenue and operating income.

In order to retain our investment professionals during periods of poor performance, we may have to pay our investment professionals a significant amount, even if we earn low or no performance fees, which could have an adverse impact on our business, results of operations or financial condition.

Competition for investment professionals in the alternative asset management industry is intense. Historically, the compensation and limited partner profit share paid to our investment personnel and senior management (other than the Principals) have been determined by the Principals or by the Trustees in consultation with the Principals. We have set compensation at levels that we believe are competitive against compensation offered by other alternative asset managers and leading investment banks against whom we compete for senior management and other key personnel, principally those located in London, while taking into account the performance of the GLG Funds and managed accounts. We believe these forms of remuneration are important to align the interests of our senior management and key personnel with those of investors in the GLG Funds. However, even if we earn low or no performance fees, we may be required to pay significant compensation and limited partner profit share to retain our key personnel. In these circumstances, these amounts may represent a greater percentage of our revenues than they have historically.

Investors in the GLG Funds can generally redeem investments with only short periods of notice.

Investors in the GLG Funds may generally redeem their investments in those funds with only short periods of notice. Investors may reduce the aggregate amount of their investment in such funds, or transfer their investment to other funds with different fee rate arrangements, for any number of reasons, including investment performance, changes in prevailing interest rates and financial market performance, or for no reason. If interest rates are rising and/or stock markets are declining, the pace of fund redemptions could accelerate. Redemptions of investments in the GLG Funds could also take place more quickly than assets may be sold on account of those funds to meet the price of such redemptions, which could result in the relevant funds and/or our being in breach of applicable legal, regulatory and contractual requirements in relation to such redemptions, resulting in possible regulatory and stockholder actions against us and/or the GLG Funds. Any such action could potentially cause further redemptions and/or make it more difficult to attract new investors. The redemption of investments in the GLG Funds could adversely affect our revenues, which are substantially dependent upon the AUM in the GLG Funds. If redemptions of investments in funds cause our revenues to decline, they could have a material adverse effect on our business, results of operations or financial condition.

We are dependent on the continued services of our Principals and other key personnel. The loss of key personnel could have a material adverse effect on us.

Our Principals and other key personnel have contributed to the growth and success of our business. We are dependent on the continued services of Messrs. Gottesman, Roman and Lagrange and other key personnel for our future success. The loss of any Principal or other key personnel may have a significant effect on our business, results of operations or financial condition.

The market for experienced asset management professionals is extremely competitive and is increasingly characterized by frequent movement of employees among firms. Due to the competitive market for asset management professionals and the success achieved by some of our key personnel, the costs to attract and

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retain key personnel are significant and will likely increase over time. In particular, if we lose any of our Principals or other key personnel, there is a risk that we may also experience outflows from AUM or fail to obtain new business. As a result, the inability to attract or retain the necessary highly skilled key personnel could have a material adverse effect on our business, results of operations or financial condition.

The cost of compliance with international employment, labor, benefits and tax regulations may adversely increase our costs, affect our revenue and impede our ability to expand internationally.

Since we operate our business internationally, we are subject to many different employment, labor, benefit and tax laws in each country in which we operate, including laws and regulations affecting employment practices and our relations with the Principals and some of our key personnel who participate in the limited partner profit share arrangement. If we are required to comply with new regulations or new or different interpretations of existing regulations, or if we are unable to comply with these regulations or interpretations, our business could be adversely affected, or the cost of compliance may make it difficult to expand into new international markets, or we may be liable for additional costs, such as social security or social insurance, which may be substantial. Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of services from local businesses or that favor or require local ownership.

We have experienced rapid growth, which may be difficult to sustain and which may place significant demands on our administrative, operational and financial resources.

As of September 30, 2007, our gross AUM were approximately $23.6 billion, up from approximately $3.9 billion as of December 31, 2001, representing a CAGR of 37%. As of September 30, 2007, our net AUM were approximately $20.5 billion, up from approximately $3.9 billion as of December 31, 2001, representing a CAGR of 33%. This rapid growth has caused, and if it continues will continue to cause, significant demands on our legal, accounting, technology and operational infrastructure, and increased expenses. The complexity of these demands, and the expense required to address them, is a function not simply of the amount by which our AUM have grown, but of significant differences in the investing strategies of our different funds. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the investment management market and legal, accounting and regulatory developments. Our future growth depends, among other things, on our ability to maintain an operating platform and management system sufficient to address our growth and requires us to incur significant additional expenses and commit additional senior management and operational resources. As a result, we face significant challenges:

- in maintaining adequate financial and business controls;

- in implementing new or updated information and financial systems and procedures; and

- in training, managing and appropriately sizing our work force and other components of our business on a timely and cost-effective basis.

There can be no assurance that we will be able to manage our expanding operations effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

There can be no assurance that our expansion into the United States or other markets will be successful.

While we are currently in the process of developing distribution capability in the United States, the Middle East and Asia, expanding our operations into the United States or other markets will be difficult due to a number of factors, including the fact that several of these markets are well-developed, with established competitors and different regulatory regimes. Our failure to continue to grow our revenues (whether or not as a result of a failure to increase AUM), expand our business or control our cost base could have a material adverse effect on our business, results of operations or financial condition.

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Damage to our reputation, including as a result of personnel misconduct, failure to manage inside information or fraud, could have a material adverse effect on our business.

Our reputation is one of our most important assets. Our relationships with individual and institutional investors and other significant market participants are very important to our business. Any deterioration in our reputation held by one or more of these market participants could lead to a loss of business or a failure to win new fund mandates. For example, we are exposed to the risk that litigation, regulatory action, misconduct, operational failures, negative publicity or press speculation, whether or not valid, could harm our reputation. Factors that could adversely affect our reputation include but are not limited to:

fraud, misconduct or improper practice by any of our personnel, including failure to comply with applicable regulations or non-adherence by a portfolio manager to the investment guidelines applicable to each GLG Fund. Such actions can be particularly detrimental in the provision of financial services and could involve, for example, fraudulent transactions entered into for a client s account, diversion of funds, the intentional or inadvertent release of confidential information or failure to follow internal procedures. Such actions could expose us to financial losses resulting from the need to reimburse customers or other business partners or as a result of fines or other regulatory sanctions, and may significantly damage our reputation;

failure to manage inside information. We frequently trade in multiple securities of the same issuer. In the course of transactions involving these securities, we may receive inside information in relation to certain issuers. If we do not sufficiently control the use of this inside information or any other inside information we receive, we and/or our employees could be subject to investigation and criminal or civil liability; and

failure to manage conflicts of interest. As we have expanded the scope of our business and client base, we have been increasingly exposed to potential conflicts of interest. If we fail, or appear to fail, to deal appropriately with conflicts of interest, we could face significant damage to our reputation, litigation or regulatory proceedings or penalties.

Damage to our reputation as a result of these or other factors could have a material adverse effect on our business, results of operations or financial condition.

Operational risks may disrupt our business, result in losses or limit our growth.

We rely heavily on our financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, we could suffer financial loss, a disruption of our business, liability to the GLG Funds, regulatory intervention or reputational damage.

In addition, we operate in a business that is highly dependent on information systems and technology. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on us.

Furthermore, we depend on our office in London, where most of our personnel are located, for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct our business, or directly affecting our London office, could have a material adverse impact on our ability to continue to operate our business without interruption. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

Through outsourcing arrangements, we and the GLG Funds rely on third-party administrators and other providers of middle-and back-office support and development functions, such as prime brokers, custodians, market data providers and certain risk system, portfolio and management and telecommunications system providers. Any interruption in our ability to rely on the services of these third parties or deterioration in their performance could impair the quality (including the timing) of our services. Furthermore, if the contracts with

any of these third-party providers are terminated, we may not find alternative outsource service providers on a timely basis or on equivalent terms. The occurrence of any of these events could have a material adverse effect on our business, results of operations or financial condition.

Our business may suffer as a result of loss of business from key private and institutional investors.

We generate a significant proportion of our revenue from a small number of our top clients. As of September 30, 2007, the assets of our top individual client accounted for approximately 5.0% of our net AUM. As of September 30, 2007, our largest institutional investor account represented approximately 4.5% of our net AUM, with the top five accounts collectively contributing approximately 18.0% of our net AUM. The loss of all or a substantial portion of the business provided by one or more of these clients would have a material impact on the income we derive from management and performance fees and consequently have a material adverse effect on our business, results of operations or financial condition.

We may be subject to regulatory investigation or enforcement action or a change in regulation in the jurisdictions in which we operate.

Our business is subject to regulation by various regulatory authorities that are charged with protecting the interests of our customers. The activities of certain GLG entities are regulated primarily by the FSA in the United Kingdom and are also subject to regulation in the various other jurisdictions in which it operates, including the Irish Financial Services Regulatory Authority (IFSRA), Cayman Islands Monetary Authority (CIMA) and the Commission de Surveillance du Secteur Financier in Luxembourg. The activities of GLG Inc. will be regulated by the SEC following its proposed registration as a U.S. investment adviser. In addition, the GLG Funds are subject to regulation in the jurisdictions in which they are organized. These and other regulators in these jurisdictions have broad regulatory powers dealing with all aspects of financial services including, among other things, the authority to make inquiries of companies regarding compliance with applicable regulations, to grant and in specific circumstances to vary or cancel permits and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. We are also subject to applicable anti-money laundering regulations and net capital requirements in the jurisdictions in which we operate.

For example, on February 28, 2006, the FSA found that we had committed market abuse and failed to observe proper standards of market conduct in relation to a convertible bond issued by Sumitomo Mitsui Financial Group in 2003. This finding was based solely on the conduct of Philippe Jabre, a former Managing Director who resigned from GLG in early 2006. The FSA imposed £750,000 fines on both Mr. Jabre and us.

On November 23, 2006, the Autorité des Marchés Financiers (AMF), the French securities regulator, imposed a fine of 1.2 million ($1.6 million) against us in connection with our trading in the shares of Alcatel S.A. (Alcatel) based on confidential information prior to a December 12, 2002 issuance of Alcatel convertible securities. We have appealed this decision.

On May 29, 2007, we agreed to pay a civil penalty of $500,000 and disgorgement and interest of approximately $2.7 million to settle enforcement and civil actions brought by the SEC for illegal short selling. We did not admit or deny the findings, but consented to the SEC order finding that we violated Rule 105 of Regulation M under the Exchange Act in connection with 14 public offerings and a final judgment in the civil action in the United States District Court for the District of Columbia.

On June 21, 2007, the AMF imposed a fine of 1.5 million ($2.0 million) against us in connection with our trading in the shares of Vivendi Universal S.A. (Vivendi) based on confidential information prior to a November 14, 2002 issuance of Vivendi notes which are mandatorily redeemable for Vivendi convertible securities. We have appealed

this decision.

In addition, the regulatory environment in which we operate frequently changes and has seen significant increased regulation in recent years. We may be materially adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations.

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As a result of regulatory actions, increased litigation in the financial services industry or other reasons, we could be subject to civil liability, criminal liability or sanctions (including revocation of the licenses of our employees or limited partners), censures fines, or temporary suspension or permanent bar from conducting business. Regulatory proceedings could also result in adverse publicity or negative perceptions regarding our business and divert management s attention from the day-to-day management of our business. Any regulatory investigations, proceedings, consequent liabilities or sanctions could have a material adverse effect on our business, results of operations or financial condition.

We are subject to substantial litigation and regulatory enforcement risks, and we may face significant liabilities and damage to our professional reputation as a result of litigation allegations or regulatory investigations and the attendant negative publicity.

The investment decisions we make in our asset management business subject us to the risk of regulatory investigations and enforcement actions in connection with our investment activities, as well as third-party litigation arising from investor dissatisfaction with the performance of those investment funds and a variety of other litigation claims. In general, we are exposed to risk of litigation by GLG Fund investors if a GLG Fund suffers losses resulting from the negligence, willful default, bad faith or fraud of the manager or the service providers to whom the manager has delegated responsibility for the performance of its duties. We have in the past been, and we may in the future be, the subject of investigations and enforcement actions by regulatory authorities resulting in fines and other penalties, which may be harmful to our reputation, as well as our business, results of operations or financial condition.

In addition, we are exposed to risks of litigation or investigation relating to transactions which present conflicts of interest that are not properly addressed. In such actions, we would be obligated to bear legal, settlement and other costs (which may be in excess of available insurance coverage). Although we would be indemnified by the GLG Funds, our rights to indemnification may be challenged. If we are required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from the GLG Funds, our results of operations, financial condition and liquidity would be materially adversely affected.

Each of the GLG Funds is structured as a limited liability company, incorporated in the Cayman Islands, Ireland or Luxembourg. The laws of these jurisdictions, particularly with respect to shareholders rights, partner rights and bankruptcy, differ from the laws of the United States and could change, possibly to the detriment of the GLG Funds and us.

We are subject to intense competition and could lose business to our competitors.

The alternative investment management industry is extremely competitive. Competition includes numerous national, regional and local asset management firms and broker-dealers, commercial bank and thrift institutions, and other financial institutions. Many of these organizations offer products and services that are similar to, or compete with, those offered by us and have substantially more personnel and greater financial resources than we do. Our key areas for competition include historical investment performance, our ability to source investment opportunities, our ability to attract and retain the best investment professionals, quality of service, the level of fees generated or earned by our managers and our investment managers stated investment strategy. We also compete for investment assets with banks, insurance companies and investment companies. Our ability to compete may be adversely affected if we underperform in comparison to relevant benchmarks or peer groups.

The competitive market environment may result in increased pressure on revenue margins (*e.g.*, by the provision of management fee rebates). Our profit margins and earnings are dependent in part on our ability to maintain current fee levels for the products and services that we offer. Competition within the alternative asset management industry could lead to pressure on us to reduce the fees that we charge our clients for products and services. A failure to compete

effectively in this environment may result in the loss of existing clients and business, and of opportunities to capture new business, each of which could have a material adverse effect on our business, results of operations or financial condition.

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Certain of our investment management and advisory agreements are subject to termination on short notice.

Institutional and individual clients, and firms and agencies with which we have strategic alliances, can terminate their relationships with us for various reasons, including unsatisfactory investment performance, interest rate changes and financial market performance. Termination of these relationships could have a material adverse effect on our business, results of operations and financial condition. Each of the GLG Funds has appointed either GLG Partners (Cayman) Limited (in the case of Cayman Islands funds and the Luxembourg fund) or GLG Partners Asset Management Limited (in the case of the Irish funds) as the manager under the terms of a management agreement, which is terminable on 30 days written notice by either party (*i.e.*, the fund or the manager). The articles of association of each GLG Fund provide that the fund cannot terminate the management agreement unless holders of not less than 50% of the outstanding issued share capital have previously voted in favor of the termination at a general meeting of the fund. For each GLG Fund, the manager has appointed GLG Partners LP as investment manager under the terms of an investment management agreement, which is terminable on 30 days written notice by either party (*i.e.*, the manager or the investment manager).

The historical returns attributable to the GLG Funds may not be indicative of our future results or of any returns expected on an investment in our common stock.

The historical and potential future returns of the GLG Funds are not directly linked to returns on our capital. Therefore, you should not conclude that continued positive performance of the GLG Funds will necessarily result in positive returns on an investment in our common stock. However, poor performance of the GLG Funds would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the returns on an investment in our common stock.

Our insurance arrangements may not be adequate to protect us.

Our business entails the risk of liability related to litigation from clients or third-party vendors and actions taken by regulatory agencies. There can be no assurance that a claim or claims will be covered by insurance or, if covered, will not exceed the limits of available insurance coverage, or that any insurer will remain solvent and will meet its obligations to provide us with coverage or that insurance coverage will continue to be available with sufficient limits at a reasonable cost. Renewals of insurance policies may expose us to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. The future costs of maintaining insurance or meeting liabilities not covered by insurance could have a material adverse effect on our business, results of operations or financial condition.

We use substantial amounts of leverage to finance our business, which exposes us to substantial risks.

We have used a significant amount of borrowings to finance our business operations as a public company, including for the provision of working capital, warrant and share repurchases, making minimum tax distributions and limited partner profit share distributions, acquisition financing and general business purposes. This exposes us to the typical risks associated with the use of substantial leverage, including those discussed below under Risks Related to the GLG Funds There are risks associated with the GLG Funds use of leverage. These risks could result in an increase in our borrowing costs and could otherwise adversely affect our business in a material way. In addition, when our credit facilities expire, we will need to negotiate new credit facilities with our existing lender, replace them by entering into credit facilities with new lenders or find other sources of liquidity, and there is no guarantee that we will be able to do so on attractive terms or at all. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources for a further discussion of our liquidity.

An increase in our borrowing costs may adversely affect our earnings and liquidity.

We have borrowed an aggregate of $570.0 million under our new revolving credit and term loan facilities. When these facilities become due on November 2, 2012, we will be required to refinance them by entering

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into new credit facilities or issuing debt securities, which could result in higher borrowing costs, or issuing equity, which would dilute existing stockholders. We could also repay the revolving credit and term loan facilities by using cash on hand or cash from the sale of our assets. No assurance can be given that we will be able to enter into new credit facilities or issue debt or equity securities in the future on attractive terms, or at all, or that we will have sufficient cash on hand to repay the revolving credit and term loan facilities.

The term loans and revolving loans bear interest at a floating rate of (1) the base rate plus 0% per annum for loans based on the base rate or (2) LIBOR plus 1.25% per annum for loans based on LIBOR, at the election of FA Sub 3 Limited, for the first two fiscal quarters ending after November 2, 2007 (the closing date of the acquisition of GLG), and thereafter at an interest rate based on certain financial ratios applicable to us and our consolidated subsidiaries. As such, the interest expense we incur will vary with changes in the applicable base or LIBOR reference rate. An increase in interest rates would adversely affect the market value of any fixed-rate debt investments and/or subject them to prepayment or extension risk, which may adversely affect our earnings and liquidity.

We are subject to currency-related risks that could adversely affect our business, results of operation or financial condition.

We earn a significant portion of our revenue and incur a significant portion of our expenditures in currencies other than the U.S. dollar. Movements in currency exchange rates could have an adverse effect on both our revenues and expenses.

If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

A person will generally be deemed to be an investment company for purposes of the Investment Company Act, if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are engaged primarily in the business of providing asset management and financial advisory services and not in the business of investing, reinvesting or trading in securities. We also believe that the primary source of income from our business will be properly characterized as income earned in exchange for the provision of services. We are an asset management and financial advisory firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that we are an orthodox investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. Further, we have no material assets other than our equity interests in our subsidiaries, which in turn have no material assets, other than equity interests in the Acquired Companies and inter-company debt. (These subsidiaries are vested with all management and control over the Acquired Companies.) We do not believe our equity interests in our subsidiaries or the equity interests of these subsidiaries in the Acquired Companies are investment securities. Moreover, because we believe that the subscriber shares in certain GLG Funds are neither securities nor investment securities, we believe that less than 40% of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis are comprised of assets that could be considered investment securities. Accordingly, we do not believe that we are an inadvertent investment company by virtue of the 40% test in Section 3(a)(1)(C) of the Investment Company Act as described in the second bullet point above.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit prohibit transactions with affiliates, impose limitations on the issuance of debt and equity

securities, generally prohibit the issuance of options and impose certain governance requirements. We intend to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. If anything were to happen which would cause us to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on our capital structure, ability to transact business with affiliates (including the Acquired Companies) and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among us, the Acquired Companies and our senior managing directors, or any combination thereof, and materially adversely affect our business, financial condition and results of operations. In addition, we may be required to limit the amount of investments that we make as a principal or otherwise conduct our business in a manner that does not subject us to the registration and other requirements of the Investment Company Act.

Risks Related to the GLG Funds

We currently derive our revenues from management fees and administration fees based on the value of the assets under management in the GLG Funds and the accounts managed by us, and performance fees based on the performance of the GLG Funds and the accounts managed by us. Our stockholders are not investors in the GLG Funds and the accounts managed by us, but rather stockholders of an alternative asset manager. Our revenues could be adversely affected by many factors that could reduce assets under management or negatively impact the performance of the GLG Funds and accounts managed by us.

Valuation methodologies for certain assets in the GLG Funds can be subject to significant subjectivity.

In calculating the net asset values of the GLG Funds, administrators of the GLG Funds may rely on methodologies for calculating the value of assets in which the GLG Funds invest that we or other third parties supply. Such methodologies are advisory only but are not verified in advance by us or any third party, and the nature of some of the funds investments is such that the methodologies may be subject to significant subjectivity and little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles. Any allegation or finding that such methodologies are or have become, in whole or in part, incorrect or misleading could have an adverse effect on the valuation of the relevant GLG Funds and, accordingly, on the management fees and any performance fees receivable by us in respect of such funds.

Some of the GLG Funds and managed accounts are subject to emerging markets risks.

Some of the GLG Funds and managed accounts invest in sovereign debt issues by emerging market countries as well as in debt and equity investments of companies and other entities in emerging markets. Many emerging markets are developing both economically and politically and may have relatively unstable governments and economies based on only a few commodities or industries. Many emerging market countries do not have firmly established product markets, and companies may lack depth of management or may be vulnerable to political or economic developments such as nationalization of key industries. Investments in companies and other entities in emerging markets and investments in emerging market sovereign debt may involve a high degree of risk and may be speculative. Risks include (1) greater risk of expropriation, confiscatory taxation, nationalization, social and political instability (including the risk of changes of government following elections or otherwise) and economic instability; (2) the relatively small current size of some of the markets for securities and other investments in emerging markets issuers and the current relatively low volume of trading, resulting in lack of liquidity and in price volatility; (3) certain national policies which may restrict a GLG Fund s or a managed account s investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (4) the absence of developed legal structures governing private or foreign investment and private property; (5) the potential for higher rates of inflation or hyper-inflation; (6) currency risk and the imposition, extension or continuation of foreign

exchange controls; (7) interest rate risk; (8) credit risk; (9) lower levels of democratic accountability; (10) differences in accounting standards and auditing practices which may result in unreliable financial information; and (11) different corporate governance frameworks. The emerging markets risks described above increase

counterparty risks for the GLG Funds and managed accounts investing in those markets. In addition, investor risk aversion to emerging markets can have a significant adverse affect on the value and/or liquidity of investments made in or exposed to such markets and can accentuate any downward movement in the actual or anticipated value of such investments which is caused by any of the factors described above.

Emerging markets are characterized by a number of market imperfections, analysis of which requires experience in the market and a range of complementary specialist skills. These inefficiencies include (1) the effect of politics on sovereign risk and asset price dynamics; and (2) institutional imperfections in emerging markets, such as deficiencies in formal bureaucracies, historical or cultural norms of behavior and access to information driving markets. While we seek to take advantage of these market imperfections to achieve investment performance for the GLG Funds and managed accounts, we cannot guarantee that will be able do so in the future. A failure to do so could have a material adverse effect on our business, growth prospects, net inflows of AUM, revenues, results of operations and/or financial condition.

Many of the GLG Funds invest in foreign countries and securities of issuers located outside of the United States and the United Kingdom, which may involve foreign exchange, political, social and economic uncertainties and risks.

Many of the GLG Funds invest a portion of their assets in the equity, debt, loans or other securities of issuers located outside the United States and the United Kingdom. In addition to business uncertainties, such investments may be affected by changes in exchange values as well as political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States and the United Kingdom, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly with respect to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such companies.

Restrictions imposed or actions taken by foreign governments may adversely impact the value of our fund investments. Such restrictions or actions could include exchange controls, seizure or nationalization of foreign deposits and adoption of other governmental restrictions which adversely affect the prices of securities or the ability to repatriate profits on investments or the capital invested itself. Income received by the GLG Funds from sources in some countries may be reduced by withholding and other taxes. Any such taxes paid by a GLG Fund will reduce the net income or return from such investments. While the GLG Funds will take these factors into consideration in making investment decisions, including when hedging positions, no assurance can be given that the GLG Funds will be able to fully avoid these risks or generate sufficient risk-adjusted returns.

There are risks associated with the GLG Funds investments in high yield and distressed debt.

The GLG Funds may invest in obligors and issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive problems, or in obligors and issuers that are involved in bankruptcy or reorganization proceedings. Among the problems involved in investments in troubled obligors and issuers is the fact that it may frequently be difficult to obtain full information as to the conditions of such obligors and issuers. The market prices of such investments are also subject to abrupt and erratic market movements and significant price volatility, and the spread between the bid and offer prices of such investments may be greater than normally expected. It may take a number of years for the market price of such investments to reflect their intrinsic value. Some of the investments held by the GLG Funds may not be widely traded, and depending on the investment profile of a particular GLG Fund, that fund s exposure to such investments may be substantial in relation to the market for those investments. In addition, there is no recognized market for some of the investments held in GLG Funds, with the result that such investments are likely to be illiquid. As a result of these factors, the investment objectives of the relevant funds may be more difficult to achieve.

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Fluctuations in interest rates may significantly affect the returns derived from the GLG Funds investments.

Fluctuations in interest rates may significantly affect the return derived from investments within the GLG Funds, as well as the market values of, and the corresponding levels of gains or losses on, such investments. Such fluctuations could materially adversely affect investor sentiment towards fixed income and convertible debt instruments generally and the GLG Funds in particular and consequently could have a material adverse effect on our business, results of operations or financial condition.

The GLG Funds are subject to risks due to potential illiquidity of assets.

The GLG Funds may make investments or hold trading positions in markets that are volatile and which may become illiquid. Timely divestiture or sale of trading positions can be impaired by decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer positions in highly specialized or structured transactions to which it may be a party, and changes in industry and government regulations. It may be impossible or costly for the GLG Funds to liquidate positions rapidly in order to meet margin calls, withdrawal requests or otherwise, particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. Moreover, these risks may be exacerbated for the GLG Funds that are funds of hedge funds. For example, if one of these funds of hedge funds were to invest a significant portion of its assets in two or more hedge funds that each had illiquid positions in the same issuer, the illiquidity risk for these funds of hedge funds would be compounded.

There are risks associated with the GLG Funds use of leverage.

The GLG Funds have, and may in the future, use leverage by borrowing on the account of funds on a secured and/or unsecured basis and pursuant to repurchase arrangements and/or deferred purchase agreements. Leverage can also be employed in a variety of other ways including margining (that is, an amount of cash or securities an investor deposits with a broker when borrowing to buy investments) and the use of futures, warrants, options and other derivative products. Generally, leverage is used with the intention of increasing the overall level of investment in a fund. Higher investment levels may offer the potential for higher returns. This exposes investors to increased risk as leverage can increase the fund s market exposure and volatility. For instance, a purchase or sale of a leveraged investment may result in losses in excess of the amount initially deposited as margin for the investment. This increased market exposure and volatility could have a material adverse effect on the return of the funds.

There are risks associated with the GLG Funds investments in derivatives.

The GLG Funds may make investments in derivatives. These investments are subject to a variety of risks. Examples of such risks may include, but are not limited to:

- limitation of risk assessment methodologies. Decisions to enter into these derivatives and other securities contracts will be based on estimates of returns and probabilities of loss derived from our own calculations and analysis. There can be no assurance that the estimates or the methodologies, or the assumptions which underlie such estimates and methodologies, will turn out to be valid or appropriate;

- risks underlying the derivative and securities contracts. A general rise in the frequency, occurrence or severity of certain non-financial risks such as accidents and/or natural catastrophes will lead to a general decrease in the returns and the possibility of returns from these derivatives and securities contracts, which will not be reflected in the methodology or assumption underlying the analysis of any specific derivative or securities contract; and

particular risks. The particular instruments in which we will invest on behalf of the GLG Funds may produce an unusually and unexpectedly high amount of losses, which will not be reflected in the methodology or assumptions underlying the analysis of any specific derivative or securities contract.

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The GLG Funds are subject to risks in using prime brokers, custodians, administrators and other agents.

All of the GLG Funds depend on the services of prime brokers, custodians, administrators and other agents in connection with certain securities transactions. For example, in the event of the insolvency of a prime broker and/or custodian, the funds might not be able to recover equivalent assets in full as they will usually rank among the prime broker s and custodian s unsecured creditors in relation to assets that the prime broker or custodian borrows, lends or otherwise uses. In addition, the GLG Funds cash held with a prime broker or custodian may not be segregated from the prime broker s or custodian s own cash, and the GLG Funds may therefore rank as unsecured creditors in relation thereto.

GLG Fund investments are subject to numerous additional risks.

GLG Fund investments, including investments by its external fund of hedge funds products in other hedge funds, are subject to numerous additional risks, including the following:

- certain of the GLG Funds are newly established funds without any operating history or are managed by management companies or general partners who do not have a significant track record as an independent manager;

- generally, there are few limitations on the execution of the GLG Funds investment strategies, which are subject to the sole discretion of the management company of such funds;

- the GLG Funds may engage in short-selling, which is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. A GLG Fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the GLG Fund is otherwise unable to borrow securities that are necessary to hedge its positions;

- credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This systemic risk may adversely affect the financial intermediaries (such as clearing agencies, clearing houses, banks, securities firms and exchanges) with which the GLG Funds interact on a daily basis;

- the efficacy of investment and trading strategies depends largely on the ability to establish and maintain an overall market position in a combination of financial instruments. Trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the GLG Funds might only be able to acquire some but not all of the components of the position, or if the overall position were to need adjustment, the GLG Funds might not be able to make such adjustment. As a result, the GLG Funds would not be able to achieve the market position selected by the management company or general partner of such funds, and might incur a loss in liquidating their position; and

- the investments held by the GLG Funds are subject to risks relating to investments in commodities, equities, bonds, futures, options and other derivatives, the prices of which are highly volatile and may be subject to the theoretically unlimited risk of loss in certain circumstances, including if the fund writes a call option. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, credit market conditions, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national

and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the assets of the GLG Funds are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties. Most U.S. commodities exchanges limit fluctuations in certain commodity interest prices during a single day by imposing daily price fluctuation limits or daily limits, the existence of which may reduce liquidity or effectively curtail trading in particular markets.

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The GLG Funds are subject to counterparty risk with regard to over-the-counter instruments which they may hold.

In the event of the insolvency of any counterparty or of any broker through which portfolio managers trade for the account of the GLG Funds, such as prime brokerage and custodian agreements to which certain of the GLG Funds are party, the funds may only rank as unsecured creditors in respect of sums due to them on the margin accounts or otherwise and any losses will be borne by the funds. The GLG Funds may also enter into currency, interest rate, total return or other swaps which may be surrogates for other instruments such as currency forwards and interest rate options. The value of such instruments, which generally depends upon price movements in the underlying assets as well as counterparty risk, will influence the performance of the GLG Funds and therefore a fall in the value of such instruments could have a material adverse effect on our business, results of operations or financial condition. In particular, certain GLG Funds frequently trade in debt securities and other obligations, either directly or on an assignment basis. Consequently, the GLG Funds will be subject to risk of default by the debtor or obligor in relation to their debt securities and other obligations, which could have a material adverse effect on our business, results of operations or financial condition.

The due diligence process that we undertake in connection with investments by the GLG Funds may not reveal all facts that may be relevant in connection with an investment.

Before making investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we carry out with respect to any investment opportunity may not reveal or highlight certain facts that could adversely affect the value of the investment.

The GLG Funds make investments in companies that the GLG Funds do not control.

Investments by most of the GLG Funds include debt instruments and equity securities of companies that the GLG Funds do not control. Such instruments and securities may be acquired by the GLG Funds through trading activities or through purchases of securities from the issuer. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of investments by the GLG Funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

Risk management activities may adversely affect the return on the GLG Funds investments.

When managing their exposure to market risks, the GLG Funds may from time to time use forward contracts, options, swaps, credit default swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments to limit our exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates, currency exchange rates and commodity prices. The success of any hedging or other derivative transactions generally will depend on the ability to correctly predict market changes, the degree of correlation between price movements of a derivative instrument, the position being hedged, the creditworthiness of the counterparty and other factors. As a result, while the GLG Funds may enter into a transaction in order to reduce their exposure to market risks, the transaction may result in poorer overall investment performance

than if it had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

The GLG Funds may be subject to U.K. tax if the Company does not qualify for the U.K. Investment Manager Exemption.

Certain of the GLG Funds may, under U.K. tax legislation, be regarded as carrying on a trade in the United Kingdom through their investment manager, GLG Partners LP. It is our intention to organize our affairs such that neither the investment manager nor the group companies that are partners in the investment manager constitute a U.K. branch or permanent establishment of the GLG Funds by reason of exemptions provided by Section 127 of the Finance Act 1995 and Schedule 26 of the Finance Act 2003. These exemptions, which apply in respect of income tax and corporation tax respectively, are substantially similar and are each often referred to as the Investment Manager Exemption (IME).

We cannot assure you that the conditions of the IME will be met at all times in respect of every fund. Failure to qualify for the IME in respect of a fund could subject the fund to U.K. tax liability, which, if not paid, would become the liability of GLG Partners LP, as investment manager. This U.K. tax liability could be substantial.

In organizing our affairs such that we are able to meet the IME conditions, we will take account of a statement of practice published by the U.K. tax authorities that sets out their interpretation of the law. A revised version of this statement was published on July 20, 2007. The revised statement applies with immediate effect, but under grandfathering provisions we may follow the original statement in respect of the GLG Funds until December 31, 2009 and, therefore, the revised statement has no impact until 2010. Furthermore, we believe that the changes in practice that have been introduced will not have a material impact on our ability to meet the IME conditions in respect of the GLG Funds.

Risks Related to Our Organization and Structure

Since our principal operations are located in the United Kingdom, we may encounter risks specific to companies located outside the United States.

Since our principal operations are located in the United Kingdom, we are exposed to additional risks that could negatively impact our future results of operations, including but not limited to:

- tariffs and trade barriers;
- regulations related to customs and import/export matters;
- tax issues, such as tax law changes and variations in tax laws as compared to the United States;
- cultural differences; and
- foreign exchange controls.

We are a controlled company within the meaning of the New York Stock Exchange Listed Company Manual and, as a result, qualify for, and rely on, exemptions from certain corporate governance standards, which may limit the presence of independent directors on our board of directors or board committees.

Our Principals, their Trustees and certain other GLG Shareowners who have entered into a voting agreement beneficially own shares of our common stock and Series A voting preferred stock which collectively represent approximately 54% of our voting power. Accordingly, they have the ability to elect our board of directors and thereby control our management and affairs. Therefore, we are a controlled company for purposes of Section 303(A) of the

New York Stock Exchange Listed Company Manual.

As a controlled company, we are exempt from certain governance requirements otherwise required by the New York Stock Exchange, including the requirement that we have a nominating and corporate governance committee. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a controlled company and is exempt from certain corporate governance requirements, including requirements that (1) a majority of the board of directors consist of independent directors, (2) compensation of officers be determined or recommended to the board of directors

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by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors and (3) director nominees be selected or recommended for selection by a majority of the independent directors or by a nominating committee composed solely of independent directors. We utilize some of these exemptions. For example, we do not have a nominating committee. Accordingly, the procedures for approving significant corporate decisions can be determined by directors who have a direct or indirect interest in the matters and you do not have the same protections afforded to stockholders of other companies that are required to comply with the rules of the New York Stock Exchange. In addition, although our board of directors currently consists of a majority of independent directors, we cannot assure you that we will not rely on the exemption from this requirement in the future.

Because of their ownership of approximately 54% of our voting power, our Principals, their Trustees and certain other GLG Shareowners are also able to determine the outcome of all matters requiring stockholder approval (other than those requiring a super-majority vote) and are able to cause or prevent a change of control of our company or a change in the composition of our board of directors, and could preclude any unsolicited acquisition of our company. In addition, because they collectively may determine the outcome of a stockholder vote, they could deprive stockholders of an opportunity to receive a premium for their shares as part of a sale of our company, and that voting control could ultimately affect the market price of our common stock.

Certain provisions in our organizational documents and Delaware law make it difficult for someone to acquire control of us.

Provisions in our organizational documents make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our stockholders. For example, our organizational documents require advance notice for proposals by stockholders and nominations, place limitations on convening stockholder meetings and authorize the issuance of preferred shares that could be issued by our board of directors to thwart a takeover attempt. In addition, our organizational documents require the affirmative vote of at least 662/3% of the combined voting power of all outstanding shares of our capital stock entitled to vote generally, voting together as a single class, to adopt, alter, amend or repeal our by-laws; remove a director (other than directors elected by a series of our preferred stock, if any, entitled to elect a class of directors) from office, with or without cause; and amend, alter or repeal certain provisions of our certificate of incorporation which require a stockholder vote higher than a majority vote, including the amendment provision itself, or to adopt any provision inconsistent with those provisions.

Because of their ownership of approximately 54% of the our voting power, the Principals, their Trustees and certain other GLG Shareowners are able to determine the outcome of all matters requiring stockholder approval (other than those requiring a super-majority vote) and are able to cause or prevent a change of control of our company or a change in the composition of our board of directors, and could preclude any unsolicited acquisition of our company. Certain provisions of Delaware law may also delay or prevent a transaction that could cause a change in our control. The market price of our shares could be adversely affected to the extent that the Principals control over us, as well as provisions of our organizational documents, discourage potential takeover attempts that our stockholders may favor.

An active market for our common stock may not develop.

Our common stock is currently listed on the New York Stock Exchange and trades under the symbol GLG . However, we cannot assure you a regular trading market of our shares will develop on the New York Stock Exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our shares will develop or be maintained, the liquidity of any trading market, your ability to sell your shares when desired, or at all, or the prices that you may obtain for your shares.

The value of our common stock and warrants may be adversely affected by market volatility.

Even if an active trading market develops, the market price of our shares and warrants may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our shares and warrants

may fluctuate and cause significant price variations to occur. If the market prices of our shares and warrants decline significantly, you may be unable to resell your shares and warrants at or above your purchase price, if at all. We cannot assure you that the market price of our shares and warrants will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our shares and warrants or result in fluctuations in the price or trading volume of our shares and warrants include:

- variations in our quarterly operating results or dividends;
- failure to meet analysts earnings estimates or failure to meet, or the lowering of, our own earnings guidance;
- publication of research reports about us or the investment management industry or the failure of securities analysts to cover our shares after the acquisition of GLG;
- additions or departures of the Principals and other key personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- actions by stockholders;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of these laws and regulations, or announcements relating to these matters;
- adverse publicity about the asset management industry generally or individual scandals, specifically; and
- general market and economic conditions.

We may not be able to pay dividends on our common stock.

As a holding company, our ability to pay dividends is subject to the ability of our subsidiaries to provide cash to us. We intend to distribute dividends to our stockholders and/or repurchase our common stock at such time and in such amounts to be determined by our board of directors. Accordingly, we expect to cause our subsidiaries to make distributions to their stockholders or partners, as applicable, in an amount sufficient to enable us to pay such dividends to our stockholders or make such repurchases, as applicable; however, no assurance can be given that such distributions or stock repurchases will or can be made. Our board can reduce or eliminate our dividend, or decide not to repurchase our common stock, at any time, in its discretion. In addition, our subsidiaries will be required to make minimum tax distributions and intend to make limited partner profit share distributions to our key personnel pursuant to our limited partner profit share arrangement prior to distributing dividends to our stockholders or repurchasing our common stock. If our subsidiaries have insufficient funds to make these distributions, we may have to borrow funds or sell assets, which could materially adversely affect our liquidity and financial condition. In addition, our subsidiaries earnings may be insufficient to enable them to make required minimum tax distributions or intended limited partner profit share distributions to their stockholders, partners or members, as applicable, because, among other things, our subsidiaries may not have sufficient capital surplus to pay dividends or make distributions under the laws of the relevant jurisdiction of incorporation or organization or may not satisfy regulatory requirements of capital adequacy, including the regulatory capital requirements of the FSA in the United Kingdom or the Financial Groups Directive of the European Community. We will also be restricted from paying dividends or making stock repurchases under our

credit facility in the event of a default or if we are required to make mandatory prepayment of principal thereunder.

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To complete the acquisition of GLG, we incurred a large amount of debt, which will limit our ability to fund general corporate requirements and obtain additional financing, limit our flexibility in responding to business opportunities and competitive developments and increase our vulnerability to adverse economic and industry conditions.

We have incurred $570.0 million of indebtedness to finance the acquisition of GLG, transaction costs, deferred underwriting fees and our operations. As a result of the substantial fixed costs associated with these debt obligations, we expect that:

- a decrease in revenues will result in a disproportionately greater percentage decrease in earnings;
- we may not have sufficient liquidity to fund all of these fixed costs if our revenues decline or costs increase;
- we may have to use our working capital to fund these fixed costs instead of funding general corporate requirements, including capital expenditures; and
- we may not have sufficient liquidity to respond to business opportunities, competitive developments and adverse economic conditions.

These debt obligations may also impair our ability to obtain additional financing, if needed, and our flexibility in the conduct of our business. Moreover, the terms of our indebtedness restrict our ability to take certain actions, including the incurrence of additional indebtedness, mergers and acquisitions, investments at the parent company level and asset sales. Our ability to pay the fixed costs associated with our debt obligations depends on our operating performance and cash flow, which will in turn depend on general economic conditions. A failure to pay interest or indebtedness when due could result in a variety of adverse consequences, including the acceleration of our indebtedness. In such a situation, it is unlikely that we would be able to fulfill our obligations under or repay the accelerated indebtedness or otherwise cover our fixed costs.

We incurred significant costs associated with the acquisition of GLG, which reduced the amount of cash otherwise available for other corporate purposes.

We incurred direct transaction costs of approximately $38.6 million associated with the acquisition of GLG, which are included as a part of the total purchase cost for accounting purposes. There is no assurance that the significant costs associated with the acquisition will prove to be justified in light of the benefit ultimately realized. Although there were no compensation charges in connection with the acquisition, we expect compensation and benefits post-acquisition to reflect the amortization of a significant non-cash equity-based compensation expense associated with the vesting of equity-based awards over the next five years. The expected compensation and benefits expense will relate to the 10,000,000 shares of our common stock issued for the benefit of our employees, service providers and certain key personnel under our 2007 Restricted Stock Plan; 33,000,000 shares of our common stock and $150 million in cash and promissory notes issued for the benefit of certain of our key personnel participating in our equity participation plan; and 77,604,988 shares of common stock and 58,904,993 exchangeable Class B ordinary shares of FA Sub 2 Limited subject to an agreement among our principals and trustees. These shares are subject to certain vesting and forfeiture provisions, and the related share-based compensation expenses are being recognized on a straight-line basis over the requisite service period. This treatment under GAAP will reduce our net income and may result in net losses in future periods. As a result, as described under Unaudited Pro Forma Condensed Combined Financial Information , we had negative net worth of $99.3 million as of September 30, 2007, and net losses of $427.1 million and $710.3 million on a pro forma basis for the nine months ended September 30, 2007 and the year ended December 31, 2006, respectively, on a pro forma basis after the consummation of the acquisition.

Fulfilling our obligations as a public company will be expensive and time consuming.

Prior to its acquisition by us, GLG was a private company and was not required to prepare or file periodic and other reports with the SEC under the applicable U.S. federal securities laws or to comply with the

requirements of U.S. federal securities laws applicable to public companies, such as Section 404 of the Sarbanes-Oxley Act of 2002. Although GLG maintained separate legal and compliance and internal audit functions, which along with its Chief Operating Officer, reported on a day-to-day basis directly to its Co-Chief Executive Officer with further formal reporting to it Management Committee, and we maintained disclosure controls and procedures and internal control over financial reporting as required under the U.S. federal securities laws with respect to our activities, neither GLG nor we were required to establish and maintain such disclosure controls and procedures and internal controls over financial reporting as required with respect to a public company with substantial operations.

Under the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, as well as the rules of the New York Stock Exchange, we have been required to implement additional corporate governance practices and to adhere to a variety of reporting requirements and accounting rules. Compliance with these obligations requires significant time and resources from our management and our finance and accounting staff, may require additional staffing and infrastructure and will significantly increase our legal, insurance and financial compliance costs. As a result of the increased costs associated with being a public company, our operating income as a percentage of revenue is likely to be lower.

We must comply with Section 404 of the Sarbanes-Oxley Act of 2002 in a relatively short timeframe.

Section 404 of the Sarbanes-Oxley Act of 2002 requires us to document and test the effectiveness of our internal controls over financial reporting in accordance with an established control framework and to report on our management s conclusion as to the effectiveness of these internal controls over financial reporting beginning with the fiscal year ending December 31, 2007. We will also be required to have an independent registered public accounting firm test the internal controls over financial reporting and report on the effectiveness of such controls for the fiscal year ending December 31, 2007 and subsequent years. In addition, the independent registered public accounting firm will be required to report on management s assessment. For 2007, we will be relying on relief from these requirements to limit the scope of these requirements primarily to GLG Partners, Inc. and certain subsidiaries, excluding the GLG entities. Beginning in 2008, we will be required to comply with these requirements with respect to the consolidated group, including the GLG entities. Any delays or difficulty in satisfying these requirements could adversely affect future results of operations and our stock price.

We may incur significant costs to comply with these requirements. We may in the future discover areas of internal controls over financial reporting that need improvement, particularly with respect to any businesses acquired in the future. There can be no assurance that remedial measures will result in adequate internal controls over financial reporting in the future. Any failure to implement the required new or improved controls, or difficulties encountered in their implementation, could materially adversely affect our results of operations or could cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal controls over financial reporting, or if our auditors are unable to provide an unqualified report regarding the effectiveness of internal controls over financial reporting as required by Section 404, investors may lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities. In addition, failure to comply with Section 404 could potentially subject us to sanctions or investigation by the SEC or other regulatory authorities.

The failure to address actual or perceived conflicts of interest that may arise as a result of the investment by our Principals and other key personnel of at least 50% of the after-tax cash proceeds they received in the acquisition in GLG Funds, may damage our reputation and materially adversely affect our business.

As a result of the significant amount that our Principals, their Trustees and certain key personnel intend to invest in the GLG Funds in December 2007, other investors in the GLG Funds may perceive conflicts of interest regarding investments in the GLG Funds in which our Principals, their Trustees and other key personnel are personally invested. Actual or perceived conflicts of interests could give rise to investor dissatisfaction or litigation and our reputation

could be damaged if we fail, or appear to fail, to deal appropriately with these conflicts of interest. Investor dissatisfaction or litigation in connection with conflicts of interest could materially

adversely affect our reputation and our business in a number of ways, including as a result of redemptions by investors from the GLG Funds and a reluctance of counterparties do business with us.

We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.

We may redeem the warrants issued as a part of our publicly traded units and the co-investment warrants at any time beginning December 21, 2007 in whole and not in part, at a price of $0.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sales price of our common stock equals or exceeds $14.25 per share for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption. Redemption of the warrants could force the warrant holders (1) to exercise the warrants and pay the exercise price therefor at a time when it may be disadvantageous for the holders to do so, (2) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants or (3) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

Our outstanding warrants may be exercised in the future, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. This might have an adverse effect on the market price of our common stock.

Excluding 21,500,003 warrants beneficially owned by our founders and their affiliates (which includes 5,000,000 co-investment warrants), outstanding redeemable warrants to purchase an aggregate of 45,650,400 shares of common stock will become exercisable on December 21, 2007. These warrants would only be exercised if the $7.50 per share exercise price is below the market price of our common stock. To the extent they are exercised, additional shares of our common stock will be issued, which will result in dilution to our stockholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our shares.

Risks Related to Taxation

Our effective income tax rate depends on various factors and may increase as our business expands into countries with higher tax rates.

There can be no assurance that we will continue to have a low effective income tax rate. We are a U.S. corporation that is subject to the U.S. corporate income tax on its taxable income. Our low expected effective tax rate after the acquisition of GLG is primarily attributable to the asset basis step-up resulting from the acquisition and the associated 15-year goodwill amortization deduction for U.S. tax purposes. Going forward, our effective income tax rate will be a function of our overall earnings, the income tax rates in the jurisdictions in which our entities do business, the type and relative amount of income earned by our entities in these jurisdictions and the timing of repatriation of profits back to the United States in the form of dividends. We expect that our effective income tax rate may increase as our business expands into countries with higher tax rates. In addition, allocation of income among business activities and entities is subject to detailed and complex rules and depends on the facts and circumstances. No assurance can be given that the facts and circumstances or the rules will not change from year to year or that taxing authorities will not be able to successfully challenge such allocations.

U.S. persons who own 10% or more of our voting stock may be subject to higher U.S. tax rates on a sale of the stock.

U.S. persons who hold 10% or more (actually and/or constructively) of the total combined voting power of all classes of our voting stock may on the sale of the stock be subject to U.S. tax at ordinary income tax rates (rather than at

capital gain tax rates) on the portion of their taxable gain attributed to undistributed offshore earnings. This would be the result if we are treated (for U.S. federal income tax purposes) as principally availed to hold the stock of foreign corporation(s) and the stock ownership in us satisfies the stock

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ownership test for determining controlled foreign corporation (CFC) status (determined as if we were a foreign corporation). A foreign corporation is a CFC if, for an uninterrupted period of 30 days or more during any taxable year, more than 50% of its stock (by vote or value) is owned by 10% U.S. Shareholders . A U.S. person is a 10% U.S. Shareholder if such person owns (actually and/or constructively) 10% or more of the total combined voting power of all classes of stock entitled to vote of such corporation. Approximately 32.0% of our stock is treated as directly or constructively owned by 10% U.S. Shareholders. Therefore, any U.S. person who considers acquiring (directly, indirectly and/or constructively) 10% or more of our outstanding stock should first consult with his or her tax advisor.

Our U.K. tax liability will be higher if the interest expense incurred by our subsidiary FA Sub 3 Limited cannot be fully utilized for U.K. tax purposes.

Our subsidiary FA Sub 3 Limited incurred debt to finance the acquisition of GLG and is claiming a deduction for U.K. tax purposes for the interest expense incurred on such debt. If the interest expense incurred by FA Sub 3 Limited cannot be fully utilized for U.K. tax purposes against U.K. income, our U.K. tax liability might increase significantly. See also Our tax position might change as a result of a change in tax laws. below for a discussion of U.K. government proposals on interest deductibility.

Our tax position might change as a result of a change in tax laws.

Since we operate our business in the United Kingdom, the United States and internationally, we are subject to many different tax laws. Tax laws (and the interpretations of tax laws by taxing authorities) are subject to frequent change, sometimes retroactively. There can be no assurance that any such changes in the tax laws applicable to us will not adversely affect our tax position.

The U.K. government has recently published proposals with regard to the deductibility of interest expense incurred by U.K. tax resident entities. No assurances can be given that the U.K. government will not enact legislation that restricts the ability of our subsidiary FA Sub 3 Limited to claim a tax deduction for the full amount of its interest expense.

The U.S. Congress is considering changes to U.S. income tax laws which would increase the U.S. income tax rate imposed on carried interest earnings and would subject to U.S. corporate income tax certain publicly held private equity firms and hedge funds structured as partnerships (for U.S. federal income tax purposes). These changes would not apply to us because the Company is already taxed in the United States as a U.S. corporation and earns fee income and does not receive a carried interest . No assurances can be given that the U.S. Congress might not enact other tax law changes that would adversely affect us.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 21E of the Exchange Act. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words anticipates believe, continue, could, estimate, expect, intend, may, might, pl potential, predict, project, should, would and similar expressions may identify forward-looking statements, but t absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this prospectus are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading Risk Factors and the following:

- financial performance;
- market conditions for GLG Funds;
- performance of GLG Funds, the related performance fees and the associated impacts on revenues, net income, cash flows and fund inflows and outflows;
- the cost of retaining our key investment and other personnel or the loss of such key personnel;
- risks associated with the expansion of our business in size and geographically;
- operational risk;
- litigation and regulatory enforcement risks, including the diversion of management time and attention and the additional costs and demands on our resources;
- risks associated with the use of leverage, investment in derivatives, interest rates and currency fluctuations; and
- other risk factors set forth in our SEC filings.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law.

This prospectus also contains forward-looking statements attributed to third parties relating to their estimates of the growth of our markets. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Forward-looking statements contained in this prospectus speak only as of the date of this prospectus. Unless required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information,

future events or otherwise. You should, however, review the risks and uncertainties we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See Where you can find more information .

USE OF PROCEEDS

We will receive up to an aggregate of approximately $503,628,023 from the exercise of the warrants, if they are exercised in full. We expect that any net proceeds from the exercise of the warrants will be used to fund additional repurchases of warrants or shares of common stock, for general corporate purposes and to fund working capital.

The selling stockholders will receive all of the proceeds from the sale of any shares of common stock and/or warrants sold by them pursuant to this prospectus. We will not receive any proceeds from these sales.

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PLAN OF DISTRIBUTION

We are offering the shares of common stock underlying the warrants upon the exercise of the warrants by the holders thereof. The warrants may be exercised on or prior to December 28, 2011 at the offices of the warrant agent, Continental Stock Transfer & Trust Company, with the exercise form certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified check payable to us, for the number of warrants being exercised. Promptly upon receipt of the notice of exercise together with full payment of the warrant price, the warrant agent will deliver to the holder the shares of common stock being purchased.

The shares of common stock and warrants underlying outstanding units, and shares of our common stock issued upon the exercise of the warrants may be sold by the selling stockholders from time to time in:

- transactions in the over-the-counter market;
- negotiated transactions;
- underwritten offerings; or
- a combination of such methods of sale.

The selling stockholders may sell the shares of common stock and warrants underlying outstanding units, and the shares of our common stock issued upon the exercise of the warrants at:

- fixed prices which may be changed;
- market prices prevailing at the time of sale;
- prices related to prevailing market prices; or
- negotiated prices.

The selling stockholders may also resell all or a portion of the securities in open market transactions in reliance upon Rule 144 under the Securities Act, provided they meet the criteria and conform to the requirements of Rule 144.

The selling stockholders may effect these transactions by selling the shares of common stock and warrants underlying outstanding units, and shares of our common stock issued upon the exercise of the warrants to or through broker-dealers, and these broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of the securities for whom such broker-dealers may act as agents or to whom they sell as principals, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

The selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with these transactions, broker-dealers or other financial institutions may engage in short sales of our securities in the course of hedging the positions they assume with selling stockholders. The selling stockholders may also enter into options or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealer or other financial institution of the securities covered by this prospectus, which securities the broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The founders units, shares and warrants (1) held by our founders are subject to the terms of letter agreements between each of the founders and Citigroup Global Market, Inc., as sole book running manager of our initial public offering and (2) held by our sponsors are subject to certain restrictions on transfer pursuant to the terms of the founders agreement entered into among Noam Gottesman, as Sellers Representative, our Principals, the Trustees and our sponsors, each of which provides that subject to certain exceptions, these shares and warrants may not be transferred until November 2, 2008.

In order to comply with the applicable securities laws of particular states, if applicable, the shares of common stock and warrants underlying outstanding units, and the shares of common stock issued upon the exercise of the warrants will be sold in the jurisdictions only through registered or licensed brokers or dealers.

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In addition, in particular states, the shares of our common stock and warrants underlying outstanding units, and the shares of common stock issued upon the exercise of the warrants may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The selling stockholders and any broker-dealers or agents that participate with the selling stockholders in the distribution of the shares of common stock and warrants underlying outstanding units, or the shares of our common stock issued upon the exercise of the warrants may be deemed to be underwriters within the meaning of the Securities Act, and any commissions received by them and any profit on the resale of the warrants or the shares of our common stock issued upon the exercise of the warrants purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

Each selling stockholder will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of shares of our securities by the selling stockholder.

We will pay for all costs of the registration of the warrants, including, without limitation, SEC filing fees and expenses of compliance with state securities or blue sky laws; except that, the selling holders will pay all underwriting discounts and selling commissions, if any. We have agreed to indemnify the selling stockholders against particular civil liabilities, including some liabilities under the Securities Act of 1933, or we will compensate them for some of these liabilities incurred in connection therewith.

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PRICE RANGE OF OUR SECURITIES

On December 21, 2006, our units began trading on the American Stock Exchange under the symbol FRH.U . Each of our units consists of one share of common stock and one warrant. On January 29, 2007, the common stock and warrants underlying our units began to trade separately on the American Stock Exchange under the symbols FRH.WS and FRH , respectively. Our securities were traded on the American Stock Exchange until November 2, 2007.

On November 5, 2007, our units, common stock and warrants began trading on the New York Stock Exchange under the symbols GLG.U , GLG and GLG WS , respectively. The following sets forth the high and low closing sales price of our units, common stock and warrants, as reported on the American Stock Exchange or the New York Stock Exchange for the periods shown:

	Units		Common Stock		Warrants	
	High	**Low**	**High**	**Low**	**High**	**Low**
2006:						
Fourth Quarter (beginning on December 21, 2006)	$ 10.20	$ 10.00	$	$	$	$
2007:						
First Quarter	$ 11.15	$ 10.01	$ 10.00	$ 8.90	$ 1.50	$ 1.10
Second Quarter	$ 16.68	$ 10.55	$ 12.40	$ 9.31	$ 4.60	$ 1.27
Third Quarter	$ 16.80	$ 12.00	$ 12.34	$ 9.95	$ 4.55	$ 1.95
Fourth Quarter (through December 5, 2007)	$ 20.75	$ 14.25	$ 14.97	$ 11.25	$ 6.63	$ 4.40

On December 5, 2007 the last reported sale price for our units, common stock and warrants on the New York Stock Exchange was $19.80 per unit, $13.69 per share and $6.10 per warrant, respectively. As of November 30, 2007 there was one holder of record of our units, 228 holders of record of our common stock and 10 holders of record of our warrants, respectively.

DIVIDEND POLICY

Except for the 1-for-3 stock dividend that was effected on December 14, 2006 and the 1-for-5 stock dividend that was effected on December 21, 2006, we have not paid any dividends on our common stock to date. Our board of directors currently intends to begin paying cash dividends on our common stock in 2008. However, our board of directors has not yet determined the amount and/or frequency of such cash dividends, if any. We currently anticipate that our board of directors will determine to declare a modest regular quarterly cash dividend and will consider paying a special annual dividend based upon our annual profitability beginning after the end of 2008. Our board of directors may, from time to time, examine our dividend policy and may, in its absolute discretion, change such policy.

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CAPITALIZATION

The following table summarizes our capitalization as of September 30, 2007:

on a historical basis;

on a pro forma basis, after giving effect to the acquisition of GLG;

on a pro forma as adjusted basis to give effect to the acquisition of GLG and the issuance of 67,150,403 shares of our common stock upon exercise of the warrants at a price of $7.50 per share.

	As of September 30, 2007			
	GLG Historical	Freedom Historical	Pro Forma Combined	Pro Forma As Adjusted
	(In thousands, except per share amounts)			
Cash and cash equivalents	$ 391,732	$ 1,779	$ 454,531	$ 958,159
Investments	$ 163	$	$ 163	$ 163
Minority interest	$ 2,031	$	$ 2,031	$ 2,031
Stockholders equity:				
Stockholders equity	6,843			
Common stock, $.0001 par value; 200,000,000 authorized, 64,800,003 issued and outstanding, actual; 1,150,000,000 authorized, 240,894,910 issued and outstanding, pro forma; 308,045,313 issued and outstanding, pro forma as adjusted		6	23	31
Series A voting preferred stock, $.0001 par value; no shares authorized, issued and outstanding, actual; 58,904,993 authorized, issued and outstanding, pro forma and pro forma as adjusted			6	6
Additional paid-in capital		392,127	97,149	600,777
Income accumulated during the development stage		8,886		
Accumulated income (deficit)	257,238		(200,143)	(200,143)
Accumulated other comprehensive income	3,655		3,655	3,655
Total stockholders equity	267,736	401,019	(99,310)	404,326
Total capitalization	$ 269,767	$ 401,019	$ (97,279)	$ 406,357

The capitalization table should be read in conjunction with the financial statements of GLG and Freedom and the unaudited pro forma condensed combined financial information and related notes included elsewhere in this prospectus.

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DILUTION

If holders of warrants exercise their warrants to purchase shares of our common stock, their interests will be diluted immediately to the extent of the difference between the exercise price per share of our common stock and the as adjusted net tangible book value per share of our common stock assuming all outstanding warrants are exercised. As of September 30, 2007, our net tangible book value was approximately $(99) million, or approximately $(0.41) per share of our common stock. Net tangible book value per share is equal to our total net tangible assets, or total net assets less intangible assets, divided by the number of shares of our outstanding common stock. After giving effect to the exercise of warrants to purchase 67,150,403 shares of our common stock outstanding as of September 30, 2007, as adjusted to include the issuance of the co-investment units, at an exercise price of $7.50 per share, and the application of the proceeds therefrom, our as adjusted net tangible book value as of September 30, 2007, attributable to common stockholders would have been approximately $404 million, or approximately $1.31 per share of our common stock. This represents an immediate increase in net tangible book value of $1.72 per share to our existing stockholders, and an immediate dilution of $6.19 per share to warrant holders exercising their warrants and purchasing shares of our common stock. The following table illustrates this per share dilution:

Exercise price per share		$ 7.50
Net tangible book value per share before warrant exercises	$ (0.41)	
Increase in net tangible book value per share attributable to warrant exercises	$ 1.72	
As adjusted net tangible book value per share after warrant exercises		$ 1.31
Dilution per share to exercising warrant holders		$ 6.19

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SELECTED COMBINED HISTORICAL FINANCIAL INFORMATION OF GLG

Because the acquisition was considered a reverse acquisition recapitalization for accounting purposes, the combined historical financial statements of GLG became our historical financial statements. The selected combined historical financial information of GLG as of and for the nine months ended September 30, 2007 and for the nine months ended September 30, 2006 was derived from unaudited condensed combined financial statements of GLG included in this prospectus. The selected combined historical financial information of GLG as of and for the years ended December 31, 2006, 2005 and 2004 was derived from combined financial statements of GLG audited by Ernst & Young LLP, independent registered public accounting firm, included in this prospectus. The selected combined historical financial information of GLG as of September 30, 2006 and 2007 and as of and for the years ended December 31, 2003 and 2002 was derived from unaudited combined financial statements of GLG not included in this prospectus. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements of GLG and the notes thereto included in this prospectus.

	Years Ended December 31,					Nine Months Ended September 30,	
	2002	2003	2004	2005	2006	2006	2007
	(Unaudited)					(Unaudited)	
	(US dollars in thousands)						
Combined Statement of Operations Data:							
Net revenues and other income:							
Management fees, net	$ 30,108	$ 65,259	$ 138,988	$ 137,958	$ 186,273	$ 129,981	$ 198,892
Performance fees, net	31,288	206,685	178,024	279,405	394,740	177,047	343,835
Administration fees, net				311	34,814	25,050	42,986
Transaction charges	80,613	115,945	191,585	184,252			
Other	626	6,497	6,110	1,476	5,039	1,883	7,875
Total net revenues and other income	142,635	394,386	514,707	603,402	620,866	333,961	593,588
Expenses:							
Employee compensation and benefits	(88,994)	(158,789)	(196,784)	(345,918)	(168,386)	(118,194)	(110,526)
General, administrative and other	(22,052)	(23,005)	(42,002)	(64,032)	(68,404)	(43,721)	(79,634)
Total expenses	(111,046)	(181,794)	(238,786)	(409,950)	(236,790)	(161,915)	(190,160)

Income from operations	31,589	212,592	275,921	193,452	384,076	172,046	403,428
Interest income, net	882	709	519	2,795	4,657	3,603	4,694
Income before income taxes	32,471	213,301	276,440	196,247	388,733	175,649	408,122
Income taxes	(8,456)	(49,966)	(48,372)	(25,345)	(29,225)	(14,803)	(33,020)
Net income	$ 24,015	$ 163,335	$ 228,068	$ 170,902	$ 359,508	$ 160,846	$ 375,102
Distributions to Principals and Trustees	$ (33,895)	$ (70,825)	$ (222,074)	$ (106,531)	$ (165,705)	$ (148,533)	$ (254,331)
Distributions to non-controlling interest holders					(14,656)	$ (6,718)	$ (215,744)

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	As of December 31,					As of September 30,	
	2002	2003	2004	2005	2006	2006	2007
	(Unaudited)					(Unaudited)	
	(US dollars in thousands)						
Combined Balance Sheet Data:							
Cash and cash equivalents	$ 28,450	$ 65,655	$ 136,378	$ 236,261	$ 273,148	$ 272,711	$ 391,732
Fees receivable	34,826	139,103	163,235	246,179	251,963	23,229	40,687
Working capital	15,579	25,940	20,395	42,387	370,094	198,032	273,639
Property and equipment, net	4,102	3,801	4,342	3,290	6,121	3,847	8,966
Total assets	75,359	220,829	310,592	495,340	557,377	315,111	474,195
Accrued compensation and benefits	21,654	25,038	125,850	247,745	102,507	60,310	63,199
Other liabilities					5,100	3,972	3,654
Loans payable	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Total members equity	19,400	112,722	117,980	180,229	361,952	187,435	267,736

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SELECTED HISTORICAL FINANCIAL INFORMATION OF FREEDOM

The summary historical financial information of Freedom as of December 31, 2006 and September 30, 2007 was derived from financial statements of Freedom as of December 31, 2006 audited by Rothstein, Kass & Company P.C., independent registered public accounting firm, and unaudited financial statements of Freedom as of September 30, 2007, respectively, included in this proxy statement. This information should be read in conjunction with the financial statements of Freedom and the notes thereto included in this proxy statement. Since Freedom did not have any significant operations to through the date of the acquisition of GLG, only balance sheet data is presented.

	As of December 31, 2006	As of September 30, 2007
Balance Sheet Data:		
Working capital (deficiency)	$ (122,294)	$ (52,141)
Total assets	467,306,751	524,705,119
Total liabilities	110,289,016	123,686,235
Common stock, subject to possible redemption for cash	93,247,353	102,572,088
Stockholders equity	357,017,735	401,018,884

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of GLG should be read in conjunction with GLG s combined historical financial statements and the related notes. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those included in our filings with the SEC.

General

GLG s Business

GLG is a leading alternative asset manager offering its clients a diverse range of investment products. GLG currently derives its revenues from management fees and administration fees based on the value of the assets in the funds and accounts it manages, referred to as the GLG Funds, and performance fees based on the performance of those investment funds and accounts. Substantially all of GLG s assets under management, or AUM, are attributable to third-party investors, and the GLG Funds and accounts managed by GLG are not consolidated into its financial statements. As of September 30, 2007, GLG s gross AUM (including assets invested from other GLG Funds) were approximately $23.6 billion, up from approximately $3.9 billion as of December 31, 2001, representing a compound annual growth rate, or CAGR, of 37%. As of September 30, 2007 GLG s net AUM (net of assets invested from other GLG Funds) were approximately $20.5 billion, up from approximately $3.9 billion as of December 31, 2001, representing a CAGR of 33%.

Factors Affecting GLG s Business

GLG s business and results of operations are impacted by the following factors:

Assets under management. GLG s revenues from management and administration fees are directly linked to AUM. As a result, GLG s future performance will depend on, among other things, its ability both to retain AUM and to grow AUM from existing and new products.

Fund performance. GLG s revenues from performance fees are linked to the performance of the funds and accounts it manages. Performance also affects AUM because it influences investors decisions to invest assets in, or withdraw assets from, the GLG Funds and accounts managed by GLG.

Personnel, systems, controls and infrastructure. GLG depends on its ability to attract, retain and motivate leading investment and other professionals. GLG s business requires significant investment in its fund management platform, including infrastructure and back-office personnel. GLG has in the past paid and expects to continue in the future to pay these professionals significant compensation and a share of GLG s profits.

Fee rates. GLG s management and administration fee revenues are linked to the fee rates it charges the GLG Funds and accounts it manages as a percentage of their AUM. GLG s performance fees are linked to the rates it charges the GLG Funds and accounts it manages as a percentage of their performance-driven asset growth, subject to high water marks , whereby performance fees are earned by GLG only to the extent that the net asset value of a GLG Fund at the end of a measurement period exceeds the highest net asset value on a preceding measurement period end for which GLG earned performance fees, and in some cases to performance hurdles.

In addition, GLG s business and results of operations may be affected by a number of external market factors. These include global asset allocation trends, regulatory developments and overall macroeconomic activity. Due to these and other factors, the operating results of GLG may reflect significant volatility from period to period.

GLG operates in only one business segment, the management of global investment funds and accounts.

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Critical Accounting Policies

Management s Discussion and Analysis of Financial Condition and Results of Operations is based upon GLG s combined financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues, expenses and other income. Actual results could differ materially from these estimates. A summary of GLG s significant accounting policies is presented in Note 2 to GLG s audited and unaudited combined financial statements included in this prospectus. The following is a summary of GLG s critical accounting policies that are most affected by judgments, estimates and assumptions.

Combination Criteria

GLG has prepared financial statements on a combined basis in connection with the reverse acquisition transaction with Freedom. The financial statements combine all GLG entities under common control or management of the Principals and the Trustees. GLG s principals, Noam Gottesman, Emmanuel Roman and Pierre Lagrange, are collectively referred to as the Principals. Leslie J. Schreyer, in his capacity as trustee of the Gottesman GLG Trust, Jeffrey A. Robins, in his capacity as trustee of the Roman GLG Trust, and G&S Trustees Limited, in its capacity as trustee of the Lagrange GLG Trust, are collectively referred to as the Trustees.

The analysis as to whether to combine an entity is subject to a significant amount of judgment. Some of the criteria considered are the determination as to the degree of control over an entity by its various equity holders, the design of the entity, how closely related the entity is to each of its equity holders and the relationship of the equity holders to each other.

GLG has determined that it does not own a substantive, controlling interest in any of the investment funds it manages and that they are not variable interest entities. As a result, none of the GLG Funds is required to be consolidated with GLG. For all GLG Funds, GLG has granted rights to the investors that provide a simple majority of the unrelated investors with the ability to remove GLG from its position as fund manager.

Revenue Recognition Performance Fees

Performance fee rates are calculated as a percentage of investment gains less management and administration fees, subject to high water marks and, in the case of most long-only funds, four external funds of funds, or FoHF, and two single-manager alternative strategy funds, to performance hurdles, over a measurement period, generally six months. GLG has elected to adopt the preferred method of recording performance fee income, Method 1 of Emerging Issues Task Force (EITF) Topic D-96, Accounting for Management Fees Based on a Formula (Method 1). Under Method 1, GLG does not recognize performance fee revenues until the end of the measurement period when the amounts are contractually payable, or crystallized .

The majority of the GLG Funds and accounts managed by GLG have contractual measurement periods that end on each of June 30 and December 31. As a result, the performance fee revenues for GLG s first fiscal quarter and third fiscal quarter results do not reflect revenues from uncrystallized performance fees during these three-month periods. These revenues will be reflected instead at the end of the fiscal quarter in which such fees crystallize.

Compensation and Limited Partner Profit Share

The portion of compensation expense related to performance fees is accrued during the period for which the related performance fee revenue is recognized.

GLG also has a limited partner profit share arrangement which remunerates certain individuals through distributions of profits from two GLG entities paid either to two limited liability partnerships in which those individuals are members or directly to those individuals who are members of the two GLG entities. These partnership draws are priority distributions, which are recognized in the period in which they are payable.

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There is an additional limited partner profit share distribution, which is recognized in the period in which it is declared. These partnership draws and profit share distributions are referred to as limited partner profit shares and are discussed further under Expenses Employee Compensation and Benefits and Limited Partner Profit Share below.

Compensation expense and limited partner profit share tied to fund performance is only recognized when the related performance fees crystallize, generally on June 30 and December 31 of each year. When fourth quarter financials are reported, the portion of compensation expense and limited partner profit share tied to performance will reflect crystallized second half performance as well as any adjustments to amounts accrued in the first half.

Equity-Based Compensation

Prior to December 31, 2006, GLG had not granted any equity-based awards. In March 2007, GLG established the equity participation plan to provide certain key individuals, through their direct or indirect limited partnership interests in two limited partnerships, Sage Summit LP and Lavender Heights Capital LP, with the right to receive a percentage of the proceeds derived from an initial public offering relating to GLG or a third-party sale of GLG. Upon consummation of the acquisition, Sage Summit LP and Lavender Heights Capital LP received collectively approximately 15% of the total consideration of cash and our capital stock payable to the GLG Shareowners in the acquisition, 99.9% of which was allocated to key individuals who are limited partners of Sage Summit LP and Lavender Heights LP. The balance of the consideration remains unallocated. Of the portion which has been allocated, 92.4% was allocated to limited partners whom we refer to as Equity Sub Plan A members and 7.6% was allocated to limited partners whom we refer to as Equity Sub Plan B members.

These limited partnerships distributed to the limited partners in the Equity Sub Plan A, 25% of the aggregate amount allocated to the Equity Sub Plan A members upon consummation of the acquisition of GLG, and the remaining 75% will be distributed to the limited partners in three equal installments of 25% each upon vesting over a three-year period on the first, second and third anniversaries of the consummation of the acquisition, subject to the ability of the general partners of the limited partnerships, whose respective boards of directors consist of the Trustees, to accelerate vesting. These limited partnerships will distribute to the limited partners in Equity Sub Plan B, 25% of the aggregate amount allocated to the Equity Sub Plan B members in four equal installments of 25% each upon vesting over a four-year period on the first, second, third and fourth anniversaries of the consummation of the acquisition, subject to the ability of the general partners of the limited partnerships, whose respective boards of directors consist of the Trustees, to accelerate vesting. The unvested portion of such amounts will be subject to forfeiture in the event of termination of the individual as a limited partner prior to each vesting date, unless such termination is without cause after there has been a change in control of our company after completion of the acquisition or due to death or disability. Upon forfeiture, these unvested amounts will not be returned to us but instead to the limited partnerships, which may reallocate such amounts to their existing or future limited partners.

Ten million shares of our common stock issued as part of the purchase price for the acquisition of GLG have been allocated to our employees, service providers and certain key personnel, subject to vesting, which may be accelerated under the Restricted Stock Plan. Of this amount, 123,500 shares have not yet been awarded to individuals. Any unvested stock awards will be returned to us.

In connection with the acquisition, we adopted the 2007 Long-Term Incentive Plan, or LTIP, which will provide for the grants of incentive and non-qualified stock options, stock appreciation rights, common stock, restricted stock, restricted stock units, performance units and performance shares to employees, service providers, non-employee directors and certain key personnel who hold direct or indirect limited partnership interests in certain GLG entities. As of November 30, 2007, an aggregate of 478,922 shares of restricted stock have been awarded under the LTIP, subject to vesting.

In addition, the Principals and the Trustees have entered into an agreement among principals and trustees which will provide that, in the event a Principal voluntarily terminates his employment with us for any reason prior to the fifth anniversary of the closing of the acquisition of GLG, a portion of the equity interests held by

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that Principal and his related Trustee as of the closing of the acquisition of GLG will be forfeited to the Principals who are still employed by us and their related Trustees.

The equity portion of these plans and agreements for employees will be accounted for in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment (SFAS 123(R)), which requires that such equity instruments are recorded at their fair value on the measurement date, which date is typically upon the inception of the services that will be performed, and amortized into expense over the vesting period on a straight-line basis.

In accordance with SFAS 123(R) for awards with performance conditions, we will make an evaluation at the grant date and future periods as to the likelihood of the performance targets being met. Compensation expense will be adjusted in future periods for subsequent changes in the expected outcome of the performance conditions until the vesting date. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Awards to limited partners and service providers are accounted for under the EITF Issue No. 96-18, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or In Conjunction with Selling, Goods or Services , which requires that such equity instruments are recorded at their fair value on the measurement date, which date is typically upon the inception of the services that will be performed, remeasured at subsequent dates to the extent the awards are unvested, and amortized into expense over the vesting period on a straight-line basis

As a result, following the completion of the acquisition of GLG, compensation and benefits reflect the amortization of significant non-cash equity-based compensation expenses associated with the vesting of these equity-based awards, which under GAAP will reduce our net income and may result in net losses.

The share-based compensation expense was recorded upon consummation of the acquisition of GLG. Set forth below is a summary of total share-based compensation expenses GLG will incur over the vesting terms of the stock-based awards or interests in connection with the acquisition of GLG beginning on the closing date of the acquisition (dollars in thousands):

12-Month Periods Following Acquisition	
Year 1	**$ 1,416,968**
Year 2	**529,470**
Year 3	**301,542**
Year 4	**149,590**
Year 5	**61,716**
	$ 2,459,287

Share-based compensation expenses have been calculated assuming a fair value of our common stock of $13.70 per share (the closing price on November 2, 2007), no change in the fair value of our common stock over the applicable vesting period and a zero forfeiture rate.

Net Revenues

All fee revenues are presented in MD&A net of any applicable rebates or sub-administration fees.

Where a single-manager alternative strategy fund or a fund of GLG Funds (internal FoHF) managed by GLG invests in an underlying single-manager alternative strategy fund managed by GLG, the investing fund is the top-level GLG Fund into which a client invests and the investee fund is the underlying GLG Fund into which the investing fund invests. For example, the GLG European Long-Short Fund invests in the GLG Utilities Fund. In that case, the GLG European Long-Short Fund is the investing fund and the GLG Utilities Fund is the investee fund.

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Management Fees

GLG s gross management fee rates are set as a percentage of fund AUM. Management fee rates vary depending on the product, as set forth in the table below (subject to fee treatment of fund-in-fund reinvestments as described below):

Product	Typical Range of Gross Fee Rates (% of AUM)
Single-manager alternative strategy funds	1.50% 2.50%*
Long-only funds	0.75% 2.25%
Internal FoHF	0.25% 1.50% (at the investing fund level)*
External FoHF	1.50% 1.95%

* When one of the single-manager alternative strategy funds or internal FoHFs managed by GLG invests in an underlying single-manager alternative strategy fund managed by GLG, management fees are charged at the investee fund level. In addition, management fees are charged on the following GLG Funds at the investing fund level: (1) GLG Multi Strategy Fund; and (2) Prime GLG Diversified Fund.

Management fees are generally paid monthly, one month in arrears.

Most GLG Funds have share classes with distribution fees that are paid to third-party institutional distributors with no net economic impact to GLG. In certain cases, GLG may rebate a portion of its gross management fees in order to compensate third-party institutional distributors for marketing GLG products and, in a limited number of cases, in order to incentivize clients to invest in GLG Funds.

Performance Fees

GLG s gross performance fee rates are set as a percentage of fund performance, calculated as investment gains (both realized and unrealized), less management and administration fees, subject to high water marks and, in the case of most long-only funds, four multi-manager funds (external FoHF) and two single-manager alternative strategy funds, to performance hurdles. As a result, even when a GLG Fund has positive fund performance, GLG may not earn a performance fee due to negative fund performance in prior measurement periods and in some cases due to a failure to reach a hurdle rate. Performance fee rates vary depending on the product, as set forth in the table below (subject to fee treatment of fund-in-fund investments as described below):

Product	Typical Range of Gross Fee Rates (% of Investment Gains)
Single-manager alternative strategy funds	20% 30%*
Long-only funds	20% 25%
Internal FoHF	0% 20% (at the investing fund level)*
External FoHF	5% 10%

* When one of the single-manager alternative strategy funds or internal FoHFs managed by GLG invests in an underlying single-manager alternative strategy fund managed by GLG, performance fees are charged at the investee fund level. In addition, performance fees are charged on the following GLG Funds at the investing fund level: (1) Prime GLG Diversified Fund; and (2) GLG Global Aggressive Fund, to the extent, if any, that the

performance fee at the investing fund level is greater than the performance fee at the investee fund level.

GLG has adopted Method 1 for recognizing performance fee revenues and under Method 1 does not recognize performance fee revenues until the end of the measurement period when the amounts are crystallized, which for the majority of the investment funds and accounts managed by GLG is on June 30 and December 31.

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Administration Fees

GLG s gross administration fee rates are set as a percentage of fund AUM. Administration fee rates vary depending on the product. From its gross administration fees, GLG pays sub-administration fees to third-party administrators and custodians, with the residual fees recognized as GLG s net administration fee. Administration fees are generally paid monthly, one month in arrears.

When one of the single-manager alternative strategy funds or internal FoHFs managed by GLG invests in an underlying single-manager alternative strategy fund managed by GLG, administration fees are charged at both the investing and investee fund levels.

Change in Business Practice

Prior to 2005, GLG levied transaction charges on certain of the funds it managed, with respect to certain investment types, on a per-trade basis, and only charged administration fees to cover sub-administration fees paid to third parties. However, beginning in 2005, GLG ceased levying transaction charges and increased administration fee rates for these funds, which going forward include a portion retained by GLG. This transition was effected on a fund-by-fund basis, with GLG ceasing to levy transaction charges on all GLG Funds by the end of 2005, and administration fees being rolled out to all of the single-manager alternative strategy GLG Funds by early 2006, and to all of the long-only GLG Funds by the end of 2006. The elimination of transaction charges was only partially offset by the increase in administration fee rates. This resulted in lower fund expenses which contributed to higher performance fees. The combined impact of this change in business practice was a net reduction in the fees and charges earned by GLG from the GLG Funds in 2005 compared to 2004. However, GLG s management believes that, given competitive factors, the increasing importance of institutional accounts and the need to better position GLG to enter new markets, this change was necessary to execute on its long-term growth strategy. Substantially all of the impact of these changes was reflected in 2006.

Fees on Managed Accounts

Managed account fee structures are negotiated on an account-by-account basis and may be more complex than for the GLG Funds. Across the managed account portfolio, fee rates vary according to the underlying mandate and in the aggregate are generally within the performance and management fee ranges charged with respect to comparable fund products.

Expenses

Employee Compensation and Benefits and Limited Partner Profit Share

To attract, retain and motivate the highest quality investment and other professionals, GLG provides significant remuneration through salary, discretionary bonuses, profit sharing and other benefits.

The largest component of expenses is compensation and other benefits payable to GLG s investment and other professionals. This includes significant fixed annual salary or limited partner profit share and other compensation based on individual, team and company performance and profitability.

Beginning in mid-2006, GLG entered into partnership with a number of its key personnel in recognition of their importance in creating and maintaining the long-term value of GLG. These individuals ceased to be employees and either became holders of direct or indirect limited partnership interests in GLG or formed two limited liability

partnerships through which they provide services to GLG. Through these partnership interests, these key individuals are entitled to partnership draws as priority distributions, which are recognized in the period in which they are payable. There is an additional limited partner profit share distribution, which is recognized in the period in which it is declared. Key personnel that are participants in the limited partner profit share arrangement do not receive salaries or discretionary bonuses from GLG. Limited partner profit share does not affect net income, whereas comparable amounts paid to these key personnel as employees had been recorded as employee compensation and benefits prior to mid-2006 and accordingly reduced net income. Under GAAP, limited partner profit share cannot be presented as employee compensation expense. However,

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management believes that it is more appropriate to treat limited partner profit share as expense when considering business performance because it reflects the cost of the services provided to GLG by these participants in the limited partner profit share arrangement. As a result, GLG presents the measure non-GAAP comprehensive limited partner profit share, compensation and benefits , or non-GAAP PSCB, which is a non-GAAP financial measure used to calculate adjusted net income, as described below under Assessing Business Performance , and which adds limited partner profit share to employee compensation expense to show the total cost of the services provided to GLG by both participants in the limited partner profit share arrangement and employees.

The components of total non-GAAP PSCB are:

Base compensation fixed contractual base payments made to personnel. This compensation is paid to employees in the form of base salary. Base compensation is generally paid monthly and the expense is recognized as the amounts are paid.

Variable compensation payments that arise from the contractual entitlements of personnel to a fixed percentage of certain variable fee revenues attributable to such personnel with respect to GLG Funds and managed accounts. These amounts are paid to employees in the form of variable salary. Variable compensation expense is recognized at the same time as the underlying fee revenue is crystallized, which may be monthly or semi-annually (on June 30 and December 31), depending on the fee revenue source.

Discretionary compensation payments that are determined by GLG s management in its sole discretion and are generally linked to performance during the year. In determining such payments, GLG s management considers, among other factors, the ratio of total discretionary compensation to total revenues; however, this ratio may vary between periods and, in particular, significant discretionary bonuses may still be paid in a period of low performance for personnel retention and incentivization purposes. This discretionary compensation is paid to employees in the form of a discretionary cash bonus. Discretionary compensation is generally declared and paid following the end of each calendar year. However, the notional discretionary compensation charge accrual is adjusted monthly based on the year-to-date profitability and revenues recognized on a year-to-date basis. As the majority of funds crystallize their performance fees at June 30 and December 31, the majority of discretionary compensation expense is generally crystallized at year end and is typically paid in January following the year end.

Limited partner profit share distributions of limited partner profit shares under the limited partner profit share arrangement described below.

Limited Partnership Profit Share

The key personnel who are participants in the limited partner profit share arrangement provide services to GLG through two limited liability partnerships, Laurel Heights LLP and Lavender Heights LLP (the LLPs), which are limited partners in GLG Partners LP and GLG Partners Services LP, respectively. The amount of profits attributable to each of the LLPs is determined at the discretion of GLG s management based upon the profitability of GLG s business and their view of the contribution to revenues and profitability from the services provided by each limited partnership during that period. The amount of such distribution will be accrued monthly although it is generally crystallized at year end. However, the notional distribution accrual is adjusted monthly based on the year-to-date profitability and revenues recognized on a year-to-date basis. A portion of the partnership distribution is advanced monthly as a draw against final determination of profit share. Once the final profit allocation is determined, typically in January following each year end, it will be paid to the LLPs as limited partners, less any amounts paid as advance drawings during the year. Other limited partners of GLG Partners Services LP who receive profit allocations include two investment professionals, Steven Roth and Greg Coffey (through Saffron Woods Corporation) who are not

members of Lavender Heights LLP, but whose profit distributions from GLG Partners Services LP are determined in the same manner as the allocation of profit shares to individual members of the LLP described below and included in the limited partner profit measure, as described below.

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Under GAAP, such distributions are recognized when declared and paid. Because the amounts relate to revenues recognized in the previous accounting period, GLG uses a non-GAAP adjustment to deduct any LLP distributions and any distributions to Steven Roth and Saffron Woods Corporation made after the end of each accounting period relating to revenues recognized in the previous accounting period, as it believes this more accurately reflects the net income for the relevant period. This non-GAAP adjustment is also included in the measure limited partner profit share used in determining non-GAAP PSCB.

Allocation of Profit Shares to Individual Members of LLPs

Profit allocations made to the LLPs by GLG Partners LP and GLG Partners Services LP make up substantially all of the LLPs net profits for each period. Members are entitled to a base limited partner profit share priority drawing, which is a fixed amount and paid as a partnership draw. Certain members are also entitled to a variable limited partner profit share priority drawing based on a fixed percentage of certain variable fee revenues attributable to such personnel with respect to GLG Funds and managed accounts, which are paid as a partnership draw. After year end, the managing members of the LLPs will make discretionary allocations to the key personnel who participate in the limited partner profit share arrangement and who are LLP members from the remaining balance of the LLPs net profits, after taking into account the base and variable limited partnership profit share priority drawings, based on their view of those individuals contribution to the generation of these profits. This process will typically take into account the nature of the services provided to GLG by each key personnel, his or her seniority and the performance of the individual during the period. The notional limited partner profit share expense accrual is adjusted monthly based on year-to-date profitability and revenues recognized on a year-to-date basis.

Profit allocations, net of any amounts paid during the year as priority partnership drawings, will typically be paid to the members in January following each year end.

GLG s management believes that the adjustments made to include limited partner profit share in non-GAAP PSCB do not give rise to an income tax effect.

See Non-GAAP Expense Measures under each period to period comparison discussed under Results of Operations Expenses for a reconciliation of non-GAAP PSCB to GAAP employee compensation and benefits for the periods presented.

As GLG s investment performance improves, its compensation costs and performance-related limited partner profit share distributions are expected generally to rise correspondingly. In addition, equity-based compensation costs may vary significantly from period to period depending on the market price of our common stock, among other things. In order to retain our investment professionals during periods of poor performance, we may have to pay our investment professionals significant amounts, even if we earn low or no performance fees. In these circumstances these payments may represent a larger proportion of our revenues than historically.

In addition to share-based compensation expense discussed above, GLG will record deferred compensation expense with respect to the cash portion of the awards under the equity participation plan in the aggregate amount of $150 million. For the three 12-month periods beginning with the consummation of the acquisition of GLG, deferred compensation expense will include $104.1 million, $32.0 million and $13.2 million related to the cash portion of the equity participation plan.

General and Administrative

GLG s non-personnel cost base represents the expenditure required to provide an effective investment infrastructure and marketing operation. Key elements of the cost base are, among other things, professional services fees, temporary

and contract employees, travel, information technology and communications, business development and marketing, occupancy, facilities and insurance.

Income Tax

Historically, the only GLG entity earning significant profits subject to company-level income taxes was GLG Holdings Limited, which was subject to U.K. corporate income tax. Most of the balance of the profit was earned by pass-through or other entities that did not incur significant company-level income taxes. Although only a relatively small portion of the profits earned by GLG was subject to U.S. corporate income tax, GLG Partners, Inc. is a U.S. corporation that is subject to U.S. corporate income tax.

After the acquisition of GLG, our effective tax rate will be a function of our overall earnings, the income tax rates in the jurisdictions in which we and our subsidiaries do business, the type and relative amount of income earned by us and our subsidiaries in these jurisdictions and the timing of repatriation of profits back to the United States (*e.g.,* in the form of dividends). As our business expands into countries with higher tax rates such as the United States, we expect that our effective tax rate may increase.

Allocation of income among business activities and entities is subject to detailed and complex rules applied to facts and circumstances that generally are not readily determinable at the date financial statements are prepared. Accordingly, estimates are made of income allocations in computing financial statement effective tax rates that may differ from actual allocations determined when tax returns are prepared or after examination by tax authorities.

We will amortize over a 15-year period and deduct for U.S. income tax purposes the carrying value of certain assets, such as intangibles, arising in connection with the acquisition of GLG, effectively reducing U.S. tax expense on repatriated profits. The amount of annual tax deductible goodwill amortization was approximately $214 million based on the fair market value of Company common stock on November 2, 2007 of $13.70 per share and estimates of the fair market values of the assets and liabilities acquired in the acquisition.

GLG accounts for taxes using the asset and liability method in accordance with SFAS No. 109, Accounting for Income Taxes , under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized.

Assessing Business Performance

As discussed above under Expenses Employee Compensation and Benefits and Limited Partner Profit Share , GLG s management assesses its personnel-related expenses based on the measure non-GAAP PSCB. Non-GAAP PSCB reflects GAAP employee compensation and benefits, adjusted to include the limited partner profit shares described above under Expenses Employee Compensation and Benefits and Limited Partner Profit Share .

In addition, GLG s management assesses the underlying performance of its business based on the measure adjusted net income , which adjusts for the difference between GAAP employee compensation and benefits and non-GAAP PSCB as discussed above. See Results of Operations Adjusted Net Income for a reconciliation of adjusted net income to net income for the periods presented.

Non-GAAP PSCB is not a measure of financial performance under GAAP and should not be considered as an alternative to GAAP employee compensation and benefits. Further, adjusted net income is not a measure of financial performance under GAAP and should not be considered as an alternative to GAAP net income as an indicator of GLG s operating performance or any other measures of performance derived in accordance with GAAP. The non-GAAP financial measures presented by GLG may be different from non-GAAP financial measures used by other companies.

GLG is providing these non-GAAP financial measures to enable investors, securities analysts and other interested parties to perform additional financial analysis of GLG s personnel-related costs and its earnings from operations and because it believes that they will be helpful to investors in understanding all components of the personnel-related costs of GLG s business. GLG s management believes that the non-GAAP financial measures also enhance comparisons of GLG s core results of operations with historical periods. In particular,

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GLG believes that the non-GAAP adjusted net income measure better represents profits available for distribution to stockholders than does GAAP net income. In addition, GLG s management uses these non-GAAP financial measures in its evaluation of GLG s core results of operations and trends between fiscal periods and believes these measures are an important component of its internal performance measurement process. GLG s management also prepares forecasts for future periods on a basis consistent with these non-GAAP financial measures. Under the revolving credit and term loan facilities entered into in connection with the acquisition of GLG, we and our subsidiaries are required to maintain compliance with certain financial covenants based on adjusted earnings before interest expense, provision for income taxes, depreciation and amortization, or adjusted EBITDA, which is calculated based on the non-GAAP adjusted net income measure, further adjusted to add back interest expense, provision for income taxes, depreciation and amortization. Non-GAAP adjusted net income has certain limitations in that it may overcompensate for certain costs and expenditures related to GLG s business and may not be indicative of the cash flows from operations as determined in accordance with GAAP.

Assets Under Management

The following is a discussion of GLG s gross and net AUM as of September 30, 2007 and 2006 and as of December 31, 2006, 2005 and 2004, and GLG s average gross and net AUM for the nine months ended September 30, 2007 and 2006 and for the years ended December 31, 2006, 2005 and 2004.

In order to accurately represent fund-in-fund investments whereby one GLG Fund may hold exposure to another GLG Fund, management tracks AUM on both a gross and a net basis. In a gross presentation, sub-invested funds will be counted at both the investing and investee fund level. Net presentation removes the assets at the investing fund level, indicating the total external investment from clients.

GLG has achieved strong historical AUM growth. The following table sets out GLG s gross and net AUM on a historical basis, categorized by product types:

AUM

	As of September 30,		**As of December 31,**		
	2007	**2006**	**2006**	**2005**	**2004**
	(US dollars in millions)				
Alternative strategy	$ 14,713	$ 9,184	$ 10,410	$ 7,030	$ 9,171
Long-only	4,561	3,735	3,815	3,253	2,666
Internal FoHF	1,651	1,089	1,261	790	870
External FoHF	598	511	568	410	338
Gross fund-based AUM	21,524	14,519	16,053	11,484	13,045
Managed accounts	1,905	1,042	1,233	335	5
Cash and other holdings	164	372	310	229	215
Total gross AUM	23,593	15,932	17,596	12,047	13,265
Less: internal FoHF investments in GLG Funds	(1,653)	(1,091)	(1,268)	(805)	(867)
Less: external FoHF investments in GLG Funds	(55)	(48)	(49)		

Less: alternatives fund-in-fund investments	(1,419)	(1,075)	(1,125)	(942)	(726)
Net AUM	$ 20,466	$ 13,718	$ 15,154	$ 10,300	$ 11,671

	Nine Months Ended September 30,		**Years Ended December 31,**		
	2007	**2006**	**2006**	**2005**	**2004**
	(US dollars in millions)				
Quarterly average gross AUM	$ 20,341	$ 14,360	$ 15,007	$ 12,166	$ 11,890
Quarterly average net AUM	17,576	12,324	12,890	10,549	10,427

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Note: Quarterly average gross and net AUM for a given period are calculated by averaging the AUM figures at the start of the period, and at the end of each quarter during the period concerned. Average AUM for a given fiscal year is calculated by averaging the AUM balances at December 31 of the prior year and each quarter-end during the fiscal year. In a similar manner, average AUM for a given nine-month period is calculated by averaging the AUM balances at December 31 of the prior year and each quarter end during the nine-month period. Quarterly average gross and net AUM are GLG management s preferred measures of assets under GLG s management in each period for the purposes of calculating key ratios such as fee yield.

The following table sets out the components of growth of GLG s gross fund-based AUM, consisting of the alternative strategy, long-only, internal FoHF and external FoHF funds, and GLG s managed accounts:

Components of Growth of Fund-Based and Managed Account AUM

	Nine Months Ended September 30,		Years Ended December 31,		
	2007	2006	2006	2005	2004
	(US dollars in millions)				
Opening gross fund-based AUM	$ 16,053	$ 11,484	$ 11,484	$ 13,045	$ 9,425
Gross fund-based inflows (net of redemptions)	3,350	1,541	1,986	(1,704)	2,353
Gross fund-based net performance (net of losses)	2,121	1,494	2,584	143	1,267
Closing gross fund-based AUM	$ 21,524	$ 14,519	$ 16,053	$ 11,484	$ 13,045
Opening managed account AUM	$ 1,233	$ 335	$ 335	$ 5	$ 12
Managed account inflows (net of redemptions)	457	766	865	309	(10)
Managed account net performance (net of losses)	215	(60)	34	20	4
Closing managed account AUM	$ 1,905	$ 1,042	$ 1,233	$ 335	$ 5

September 30, 2007 Compared to December 31, 2006

Change in AUM
between September 30, 2007 and December 31, 2006

	As of September 30, 2007	As of December 31, 2006	Change
	(US dollars in millions)		
Alternative strategy	$ 14,713	$ 10,410	$ 4,303
Long-only	4,561	3,815	747
Internal FoHF	1,651	1,261	391
External FoHF	598	568	31

Gross fund-based AUM	21,524	16,053	5,471
Managed accounts	1,905	1,233	673
Cash and other holdings	164	310	(146)
Gross AUM	23,593	17,596	5,997
Less: internal FoHF investments in GLG Funds	(1,653)	(1,268)	(385)
Less: external FoHF investments in GLG Funds	(55)	(49)	(6)
Less: alternatives fund-in-fund investments	(1,419)	(1,125)	(294)
Net AUM	$ 20,466	$ 15,154	$ 5,312

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	Nine Months Ended September 30, 2007 (US dollars in millions)	
Opening gross fund-based AUM	$	16,053
Gross fund-based inflows (net of redemptions)		3,350
Gross fund-based net performance (net of losses)		2,121
Closing gross fund-based AUM	$	21,524
Opening managed account AUM	$	1,233
Managed account inflows (net of redemptions)		457
Managed account net performance (net of losses)		215
Closing managed account AUM	$	1,905

During the nine months ended September 30, 2007, gross AUM increased by $6.0 billion to $23.6 billion and net AUM increased by $5.3 billion to $20.5 billion.

Overall AUM growth was attributable primarily to growth in GLG s gross fund-based AUM, which increased by $5.5 billion to $21.5 billion as of September 30, 2007, principally as a result of the following factors:

strong demand for GLG s fund products, which resulted in inflows (net of redemptions) of $3.4 billion, which were responsible for 61.2% of gross fund-based AUM growth in the nine months ended September 30, 2007.

positive fund performance during the nine months ended September 30, 2007, resulting in performance gains (net of losses) of $2.1 billion, which was responsible for 38.8% of gross fund-based AUM growth in the nine months ended September 30, 2007; and

Managed account AUM increased by $0.7 billion to $1.9 billion as of September 30, 2007. This growth was primarily attributable to the following factors:

strong demand for GLG s managed account products from certain institutional investors whose investment mandates made individual managed account solutions preferable to fund-based investments, which resulted in inflows (net of redemptions) of $457 million, representing 68.0% of managed account AUM growth in the nine months ended September 30, 2007; and

positive managed account performance during the nine months ended September 30, 2007, resulting in performance gains (net of losses) of $215 million, representing 32.0% of managed account AUM growth in the nine months ended September 30, 2007.

The ratio between net and gross AUM remained generally unchanged between the two dates, due to generally stable and consistent relative levels of fund-in-fund investments, with respect to both investments by GLG s FoHF products in certain GLG Funds and investments by certain single-manager alternative strategy GLG Funds in other single-manager alternative strategy GLG Funds.

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December 31, 2006 Compared to December 31, 2005

Change in AUM
between December 31, 2006 and December 31, 2005

	As of December 31, 2006	2005	Change
	(US dollars in millions)		
Alternative strategy	$ 10,410	$ 7,030	$ 3,380
Long-only	3,815	3,253	561
Internal FoHF	1,261	790	470
External FoHF	568	410	158
Gross fund-based AUM	16,053	11,484	4,569
Managed accounts	1,233	335	898
Cash and other holdings	310	229	81
Gross AUM	17,596	12,047	5,548
Less: internal FoHF investments in GLG Funds	(1,268)	(805)	(462)
Less: external FoHF investments in GLG Funds	(49)		(49)
Less: alternatives fund-in-fund investments	(1,125)	(942)	(183)
Net AUM	$ 15,154	$ 10,300	$ 4,854

	Year Ended December 31, 2006 (US dollars in millions)
Opening gross fund-based AUM	$ 11,484
Gross fund-based inflows (net of redemptions)	1,986
Gross fund-based net performance (net of losses)	2,584
Closing gross fund-based AUM	16,053
Opening managed account AUM	335
Managed account inflows (net of redemptions)	865
Managed account net performance (net of losses)	34
Closing managed account AUM	$ 1,233

During 2006, gross AUM increased by $5.5 billion to $17.6 billion and net AUM increased by $4.9 billion to $15.2 billion.

Overall AUM growth was attributable primarily to growth in GLG s gross fund-based AUM, which increased by $4.6 billion to $16.1 billion as of December 31, 2006, principally as a result of the following factors:

positive fund performance during 2006, resulting in performance gains (net of losses) of $2.6 billion, which was responsible for 56.5% of gross fund-based AUM growth in 2006; and

a general increase in demand for GLG s fund products, which resulted in inflows (net of redemptions) of $2.0 billion, which were responsible for 43.5% of gross fund-based AUM growth in 2006. This growth was primarily attributable to:

continued interest in GLG s established investment fund products; and

investor demand for GLG s new investment funds launched during 2006.

This demand was, in part, attributable to returning investors who had withdrawn AUM due to underperformance in certain GLG Funds during 2005, but who were attracted to reinvest in GLG Funds in 2006.

Managed account AUM increased significantly by $0.9 billion to $1.2 billion as of December 31, 2006. This growth was primarily attributable to the following factors:

- strong demand for GLG s managed account products from certain institutional investors whose investment mandates made individual managed account solutions preferable to fund-based investments, which resulted in inflows (net of redemptions) of $865 million, representing 96.3% of managed account AUM growth in the year ended December 31, 2006; and

- positive managed account performance during the year ended December 31, 2006, resulting in performance gains (net of losses) of $34 million, representing 3.7% of managed account AUM growth in the year ended December 31, 2006.

The ratio between net and gross AUM remained generally unchanged between the two dates, due to generally stable and consistent relative levels of fund-in-fund investments, with respect to both investments by GLG s FoHF products in certain GLG Funds and investments by certain single-manager alternative strategy GLG Funds in other single-manager alternative strategy GLG Funds.

December 31, 2005 Compared to December 31, 2004

Change in AUM
between December 31, 2005 and December 31, 2004

	As of December 31,		
	2005	**2004**	**Change**
	(US dollars in millions)		
Alternative strategy	$ 7,030	$ 9,171	$ (2,141)
Long-only	3,253	2,666	587
Internal FoHF	790	870	(79)
External FoHF	410	338	72
Gross fund-based AUM	11,484	13,045	(1,561)
Managed accounts	335	5	329
Cash and other holdings	229	215	14
Gross AUM	12,047	13,265	(1,217)
Less: internal FoHF investments in GLG funds	(805)	(867)	62
Less: external FoHF investments in GLG funds			
Less: alternatives fund-in-fund investments	(942)	(726)	(216)
Net AUM	$ 10,300	$ 11,671	$ (1,371)

	Year Ended December 31, 2005

	(US dollars in millions)	
Opening gross fund-based AUM	$	13,045
Gross fund-based inflows (net of redemptions)		(1,704)
Gross fund-based net performance (net of losses)		143
Closing gross fund-based AUM	$	11,484
Opening managed account AUM	$	5
Managed account inflows (net of redemptions)		309
Managed account net performance (net of losses)		20
Closing managed account AUM	$	335

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During 2005, gross AUM decreased by $1.2 billion to $12.0 billion and net AUM decreased by $1.4 billion to $10.3 billion. The overall decrease in AUM was attributable primarily to a reduction in GLG s gross fund-based AUM by $1.6 billion to $11.5 billion as of December 31, 2005, driven by the following factors:

while still delivering performance gains (net of losses) of $0.1 billion, fund performance in 2005 was depressed by particularly significant underperformance in two of the GLG Funds, the GLG Credit Fund and the GLG Market Neutral Fund; and

fund underperformance gave rise to significant redemptions of AUM, primarily from the two underperforming funds. Redemptions for this period (net of inflows) from fund-based products were $1.7 billion.

During 2005, managed account AUM grew from $5 million to $335 million. This growth was primarily attributable to the following factors:

strong demand for GLG s managed account products from certain institutional investors whose investment mandates made individual managed account solutions preferable to fund-based investments, which resulted in inflows (net of redemptions) of $309 million, representing 93.8% of managed account AUM growth in the year ended December 31, 2005. Fiscal 2005 was the first period in which managed accounts represented a significant source of assets for GLG; and

positive managed account performance during the year ended December 31, 2005, resulting in performance gains (net of losses) of $20 million, representing 6.2% of managed account AUM growth in the year ended December 31, 2005.

The ratio between net and gross AUM remained generally unchanged between the two dates, due to generally stable and consistent relative levels of fund-in-fund investments, with respect to both investments by GLG s FoHF products in certain GLG Funds and investments by certain single-manager alternative strategy GLG Funds in other single-manager alternative strategy GLG Funds.

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Results of Operations

Combined GAAP Statement of Operations Information

	Nine Months Ended September 30,		Years Ended December 31		
	2007	**2006**	**2006**	**2005**	**2004**
	(US dollars in thousands)				
Net revenues and other income					
Management fees, net	$ 198,892	$ 129,981	$ 186,273	$ 137,958	$ 138,988
Performance fees, net	343,835	177,047	394,740	279,405	178,024
Administration fees, net	42,986	25,050	34,814	311	
Transaction charges				184,252	191,585
Other	7,875	1,883	5,039	1,476	6,110
Total net revenues and other income	593,588	333,961	620,866	603,402	514,707
Expenses					
Employee compensation and benefits	(110,526)	(118,194)	(168,386)	(345,918)	(196,784)
General, administrative and other	(79,634)	(43,721)	(68,404)	(64,032)	(42,002)
Total expenses	(190,160)	(161,915)	(236,790)	(409,950)	(238,786)
Income from operations	403,428	172,046	384,076	193,452	275,921
Interest income, net	4,694	3,603	4,657	2,795	519
Income before income taxes	408,122	175,649	388,733	196,247	276,440
Income taxes	(33,020)	(14,803)	(29,225)	(25,345)	(48,372)
Net income	$ 375,102	$ 160,846	$ 359,508	$ 170,902	$ 228,068

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Net Revenues

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Change in GAAP Net Revenues and Other Income
between Nine Months Ended September 30, 2007 and September 30, 2006

	Nine Months Ended September 30,		
	2007	2006	Change
	(US dollars in thousands)		
Net revenues and other income			
Management fees, net	$ 198,892	$ 129,981	$ 68,911
Performance fees, net	343,835	177,047	166,788
Administration fees, net	42,986	25,050	17,937
Transaction charges			
Other	7,875	1,883	5,992
Total net revenues and other income	$ 593,588	$ 333,961	$ 259,628
Key ratios			
Total annualized net revenues and other income/quarterly average net AUM	4.50%	3.61%	0.89%
Annualized management fees/quarterly average net AUM	1.51%	1.41%	0.10%

Total net revenues and other income increased by $259.6 million, or 78%, to $593.6 million. This increase was driven by growth in all categories of fee revenue, especially in relation to performance fees.

For each type of fee revenue, GLG s management uses net fee yield as a measure of GLG s fees generated for every dollar of GLG s net AUM. The net management, performance and administration fee yield is equal to the management fees, performance fees or administration fees, respectively, divided by quarterly average net AUM for the applicable period.

Management fees increased by $68.9 million, or 53%, to $198.9 million. This growth was driven by two main factors:

a 42.6% higher quarterly average net AUM balance between the periods which, at constant net management fee yield, resulted in an increase in management fees of $55.4 million, or 80.4% of the total increase in management fees; and

an increase in the net management fee yield from 1.41% to 1.51%, reflecting higher management fees per unit of AUM, which, when applied to the increased net AUM base, resulted in an increase in management fees of $13.5 million, or 19.6% of the total increase in management fees. The higher net management fee yield was attributable primarily to investors participating in GLG Funds and managed accounts with higher management fee rates.

Performance fees increased by $166.8 million, or 94%, to $343.8 million. This growth was driven by two main factors:

a 42.6% higher quarterly average net AUM balance between the periods which, at constant net performance fee yield, resulted in an increase in performance fees of $75.5 million, or 45.2% of the total increase in performance fees;

an increase in the annualized net performance fee yield from 1.92% to 2.61% which, when applied to the increased net AUM base, resulted in an increase in performance fees of $91.3 million, or 54.8% of the total increase in performance fees. The higher net performance fee yield was attributable to stronger performance delivering higher performance fees per unit of AUM.

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Net administration fees increased by $17.9 million, or 72%, to $43.0 million. This growth was driven by two main factors:

a 42.6% higher quarterly average net AUM balance between the periods which, at constant administration fee yield, resulted in an increase in administration fees of $10.7 million, or 59.5% of the total increase in administration fees; and

an increase in the net administration fee yield from 0.27% to 0.33% which, when applied to the increased net AUM base, resulted in an increase in administration fees of $7.3 million, or 40.5% of the total increase in administration fees. The higher net administration fee yield was attributable primarily to investors participating in GLG Funds and managed accounts with higher net administration fee rates.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Change in GAAP Net Revenues and Other Income
between Years Ended December 31, 2006 and December 31, 2005

	Years Ended December 31,		
	2006	2005	Change
	(US dollars in thousands)		
Net revenues and other income			
Management fees, net	$ 186,273	$ 137,958	$ 48,315
Performance fees, net	394,740	279,405	115,335
Administration fees, net	34,814	311	34,503
Transaction charges		184,252	(184,252)
Other	5,039	1,476	3,563
Total net revenues and other income	$ 620,866	$ 603,402	$ 17,464
Key ratios			
Total net revenues and other income/quarterly average net AUM	4.82%	5.72%	(0.90)%
Management fees/quarterly average net AUM	1.45%	1.31%	0.14%

Total net revenues and other income increased by $17.5 million, or 2.9%, to $620.9 million. This increase was driven by growth in both management and performance fees, offset by net revenue loss resulting from the transition from a transaction charge to an administration fee model in 2005.

Management fees increased by $48.3 million, or 35.0%, to $186.3 million. This growth was driven by two main factors:

a 22.2% higher quarterly average net AUM balance between the periods which, at constant net management fee yield, resulted in an increase in management fees of $30.6 million, or 63.4% of the total increase in management fees; and

an increase in the net management fee yield from 1.3 1% to 1.45%, reflecting higher management fees per unit of AUM, which, when applied to the increased net AUM base, resulted in an increase in management fees of $17.7 million, or 36.6% of the total increase in management fees. The higher net management fee yield was attributable primarily to investors participating in GLG Funds and managed accounts with higher management fee rates.

Performance fees increased by $115.3 million, or 41.3%, to $394.7 million. This growth was driven by two main factors:

a 22.2% increase in quarterly average net AUM balances between the periods which, at constant net performance fee yield, resulted in an increase in performance fees of $62.0 million, or 53.8% of the total increase in performance fees; and

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an increase in the net performance fee yield from 2.65% to 3.06% which, when applied to the increased net AUM base, resulted in an increase in performance fees of $53.3 million, or 46.2% of the total increase in performance fees. The higher net performance fee yield was attributable to stronger performance delivering higher performance fees per unit of AUM. The increase in performance was partly attributable to the transition to an administration fee model from a transaction charge model in 2005, which reduced fund expenses and resulted in higher fund performance. Substantially all of the impact of these changes was reflected in 2006.

Combined revenues from transaction charges and net administration fees fell by $149.7 million, or 81.1%, to $34.8 million. This reduction was attributable primarily to the transition from a transaction charge to an administration fee model in 2005.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Change in GAAP Net Revenues and Other Income
between Years Ended December 31, 2005 and December 31, 2004

	Years Ended December 31,		
	2005	2004	Change
	(US dollars in thousands)		
Net revenues and other income			
Management fees, net	$ 137,958	$ 138,988	$ (1,030)
Performance fees, net	279,405	178,024	101,381
Administration fees, net	311		311
Transaction charges	184,252	191,585	(7,333)
Other	1,476	6,110	(4,634)
Total net revenues and other income	$ 603,402	$ 514,707	$ 88,695
Key ratios			
Total net revenues and other income/quarterly average net AUM	5.72%	4.94%	0.78%
Management fees/quarterly average net AUM	1.31%	1.33%	(0.03)%

Total net revenues and other income increased by $88.7 million, or 17.2%, to $603.4 million. This increase was driven primarily by growth in performance fees.

Management fees decreased by $1.0 million, or 0.7%, to $138.0 million. This reduction was primarily driven by a reduction in the net management fee yield from 1.33% to 1.31%, reflecting lower management fees per unit of AUM, which, when applied to the increased net AUM base, resulted in a decrease in management fees of $2.7 million. The lower net management fee yield was attributable to increased management fee rebates, partly offset by higher management fee yields on new AUM inflows during 2005. These decreases were partially offset by a 1.2% increase in quarterly average net AUM balances between the periods which, at constant net performance fee yield, resulted in an increase in management fees of $1.6 million.

Performance fees increased by $101.4 million, or 56.9%, to $279.4 million. This growth was driven by two main factors:

an increase in the net performance fee yield from 1.71% to 2.65% which, when applied to the increased net AUM base, resulted in an increase in performance fees of $99.3 million, or 97.9% of the total increase in performance fees. The higher net performance fee yield was attributable to stronger performance delivering higher performance fees per unit of AUM. The increase in net performance fee yield was attributable to strong GLG Fund and managed account performance, with the principal exception of two GLG Funds which recorded significant underperformance during the 2005 period; and

a 1.2% increase in quarterly average net AUM balances between the periods which, at constant net performance fee yield, resulted in an increase in performance fees of $2.1 million, or 2.1% of the total increase in performance fees.

The transition from a transaction charge to an administration fee model, which began in 2005, also resulted in a slight increase in net administration fees and a slight decrease in transaction charges. However, due to the phased-in implementation, the effect on 2005 revenues was limited.

Expenses

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Change in GAAP Expenses between Nine Months Ended September 30, 2007 and September 30, 2006

	Nine Months Ended September 30,		
	2007	2006	Change
	(US dollars in thousands)		
Expenses			
Employee compensation and benefits	$ (110,526)	$ (118,194)	$ 7,668
General, administrative and other	(79,634)	(43,721)	(35,912)
Total expenses	$ (190,160)	$ (161,915)	$ (28,246)
Key ratios			
Employee compensation and benefits/total GAAP net revenues and other income	18.62%	35.39%	(16.77)%
General, administrative and other/total GAAP net revenues and other income	13.42%	13.09%	0.32%
Total expenses /total GAAP net revenues and other income	32.04%	48.48%	(16.45)%

Employee compensation and benefits decreased by $7.7 million, or 6.5%, to $110.5 million. The decreases included a $16.8 million decrease in variable salary, and a $1.5 million decrease in base compensation and benefits, which were mainly attributable to certain GLG key personnel ceasing to be employees at or after the end of the second quarter of 2006, partially offset by a $10.6 million increase in discretionary bonuses. Under the limited partner profit share arrangement, these key personnel became holders of direct or indirect limited partnership interests in the entities which had previously employed them, resulting in comparable amounts which had been paid as compensation thereafter being paid as limited partner profit share.

General, administrative and other expenses increased by $35.9 million, or 82%, to $79.6 million. This was attributable to the following factors in approximately equal proportions:

the growing scale of GLG s operations, principally in relation to increases in personnel and market data expenses; and

one-time regulatory and legal costs.

Non-GAAP Expense Measures

As discussed above under Assessing Business Performance , GLG presents a non-GAAP comprehensive limited partner profit share, compensation and benefits measure. The table below reconciles GAAP employee compensation and benefits to non-GAAP PSCB for the periods presented.

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Change in Non-GAAP Expenses between Nine Months Ended September 30, 2007 and September 30, 2006

	Nine Months Ended September 30,		
	2007	2006	Change
	(US dollars in thousands)		
Non-GAAP expenses			
GAAP employee compensation and benefits	$ (110,526)	$ (118,194)	$ 7,668
Limited partner profit share	(207,500)	(76,530)	(130,970)
Non-GAAP PSCB	(318,026)	(194,724)	(123,302)
GAAP general, administrative and other	(79,634)	(43,721)	(35,912)
Non-GAAP total expenses	$ (397,660)	$ (238,445)	$ (159,215)
Key ratios (based on non-GAAP measures)			
Non-GAAP PSCB /total GAAP net revenues and other income	53.58%	58.31%	(4.73)%
General, administrative and other/total GAAP net revenues and other income	13.42%	13.09%	0.32%
Non-GAAP total expenses/total GAAP net revenues and other income	66.99%	71.40%	(4.41)%

Non-GAAP PSCB, including payments of limited partner profit shares, increased by $123.3 million, or 63%, to $318.0 million. This increase was mainly attributable to the growing scale of GLG s operations, as GLG s AUM grew during the period, driving additional headcount. In particular, the 94% increase in performance fees between the periods contributed to a $123.4 million increase in non-GAAP discretionary compensation and bonus, which, together with a $6.8 million increase in non-GAAP base compensation and benefits, substantially outweighed the decreases in non-GAAP variable compensation of $6.9 million attributable to management s decision to reduce the number of personnel with contractual entitlements to variable compensation. The $131.0 million increase in limited partner profit share was composed of a $112.8 million increase in discretionary limited partner profit share, an $8.2 million increase in base limited partner profit share and a $9.9 million increase in variable limited partner profit share. The non-GAAP PSCB/total GAAP net revenues and other income ratio fell from 58.3% to 53.6%, demonstrating the increasing scalability of GLG s personnel-related cost base.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Change in GAAP Expenses between Years Ended December 31, 2006 and December 31, 2005

	Years Ended December 31,		
	2006	2005	Change
	(US dollars in thousands)		
Expenses			
Employee compensation and benefits	$ (168,386)	$ (345,918)	$ 177,532

General, administrative and other	(68,404)	(64,032)	(4,372)
Total expenses	$ (236,790)	$ (409,950)	$ 173,160
Key ratios			
Employee compensation and benefits/total GAAP net revenues and other income	27.12%	57.33%	(30.21)%
General, administrative and other/total GAAP net revenues and other income	11.02%	10.61%	0.41%
Total expenses /total GAAP net revenues and other income	38.14%	67.94%	(29.80)%

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Employee compensation and benefits fell by $177.5 million, or 51.3%, to $168.4 million. The decreases included a $121.7 million decrease in discretionary bonuses and a $14.3 million decrease in variable salary, which were driven primarily by the following factors:

certain GLG key personnel ceasing to be employees at or after the end of the second quarter of 2006. These key personnel became holders of direct or indirect limited partnership interests in the entities which had previously employed them, resulting in comparable amounts which had been paid as compensation being paid as limited partner profit share; and

the non-recurrence in 2006 of certain one-time costs incurred in 2005, primarily the approximately $41.6 million expense recorded in 2005 related to an employment tax settlement covering the period from GLG s separation from Lehman Brothers International (Europe), or Lehman International, in 2000 to April 5, 2006.

The decrease was partially offset by the following factors which increased employee compensation and benefits through the period:

an increase in compensation attributable to the growth in GLG s headcount as its operations grew; and

an increase in the proportion of performance-based discretionary compensation. GLG Funds are managed either by principals or by non-principals. Non-principals receive performance-based discretionary compensation related to their performance, either as bonus (for employees who do not participate in the limited partner profit share arrangement) or as discretionary limited partner profit share (for key personnel who participate in the limited partner profit share arrangement). In 2005 a number of funds managed by a former principal of GLG started to be managed by employee non-principal managers. This increased the performance-based discretionary bonuses included in employee compensation and benefits.

General, administrative and other expenses increased by $4.4 million, or 6.8%, to $68.4 million. This was mainly attributable to the growing scale of GLG s operations, principally increases in personnel and market data expenses.

Non-GAAP Expense Measures

As discussed above under Assessing Business Performance , GLG presents a non-GAAP PSCB measure. The table below reconciles GAAP employee compensation and benefits to non-GAAP PSCB for periods presented.

Change in Non-GAAP Expenses between Years Ended December 31, 2006 and December 31, 2005

	Years Ended December 31,		
	2006	2005	Change
	(US dollars in thousands)		
Non-GAAP expenses			
GAAP employee compensation and benefits	$ (168,386)	$ (345,918)	$ 177,532
Limited partner profit share	(201,450)		(201,450)
Non-GAAP PSCB	(369,836)	(345,918)	(23,918)
GAAP general, administrative and other	(68,404)	(64,032)	(4,372)
Non-GAAP total expenses	$ (438,240)	$ (409,950)	$ (28,290)

Key ratios (based on non-GAAP measures)			
Non-GAAP PSCB/total GAAP net revenues and other income	59.57%	57.33%	2.24%
General, administrative and other/total GAAP net revenues and other income	11.02%	10.61%	0.41%
Non-GAAP total expenses/total GAAP net revenues and other income	70.59%	67.94%	2.65%

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Non-GAAP PSCB, including payments of limited partner profit shares, increased by $23.9 million, or 6.9%, to $369.8 million. The increase was attributable primarily to an increase in non-GAAP discretionary compensation and bonus of $65.0 million, offset by a decrease of $7.1 million in non-GAAP variable compensation attributable to management s decision to reduce the number of personnel with contractual entitlements to variable compensation and a reduction in variable compensation pay out rates for those who continue to have such entitlements. The $201.5 million increase in limited partner profit share was composed of a $186.7 million increase in discretionary limited partner profit share, a $7.6 million increase in base limited partner profit share priority drawings, and a $7.2 million increase in variable limited partner profit share. The factors contributing to the increases include:

- an increase in net revenues, primarily a 41.3% increase in performance fees, which impacted performance-based variable compensation and limited partner profit share;

- an increase in compensation attributable to the growth in GLG s headcount as its operations grew;

- GLG s transition from a transaction charge to an administration fee model, which resulted in an increase in the performance fee revenues as a proportion of total net revenues and therefore an increase in the proportion of total net revenues giving rise to performance-based non-GAAP PSCB expense; and

- an increase in the proportion of performance-based discretionary compensation attributable to funds managed by non-principals as described above in the discussion of GAAP expenses. In 2005, this increased the performance-based discretionary bonuses included in employee compensation and benefits. In addition, beginning in mid-2006, as a result of certain of the non-principal investment managers ceasing to be employees and becoming participants in the limited partner profit share arrangement, this increased performance-based discretionary limited partner profit share.

The increase caused by these factors was partially offset by the non-recurrence in 2006 of certain one-time costs incurred in 2005, primarily the approximately $41.6 million expense recorded in 2005 related to the employment tax settlement covering the period from GLG s separation from Lehman International in 2000 to April 5, 2006 discussed above. The net impact of all such factors was a slight increase in the non- GAAP PSCB/total GAAP net revenues and other income ratio by 2.2% to 59.6%.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Change in GAAP Expenses between Years Ended December 31, 2005 and December 31, 2004

	Years Ended December 31,		
	2005	2004	Change
	(US dollars in thousands)		
Expenses			
Employee compensation and benefits	$ (345,918)	$ (196,784)	$ (149,134)
General, administrative and other	(64,032)	(42,002)	(22,030)
Total expenses	$ (409,950)	$ (238,786)	$ (171,164)
Key ratios			
Employee compensation and benefits / total GAAP net revenues and other income	57.33%	38.23%	19.10%

General, administrative and other / total GAAP net revenues and other income	10.61%	8.16%	2.45%
Total expenses/total GAAP net revenues and other income	67.94%	46.39%	21.55%

Employee compensation and benefits increased by $149.1 million, or 75.8%, to $345.9 million, which included a $115.0 million increase in discretionary bonuses, driven primarily by a 56.9% increase in performance fees and an increase in the proportion of discretionary performance-based compensation attributable to funds managed by non-principals, offset by a $4.6 million decrease in variable salary and a $2.8 million

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decrease in base compensation and benefits. For 2005 and 2004, non-principals received as bonus performance-based discretionary compensation related to their performance. As such, an increase in the contribution of performance attributable to non-principals increased the performance-based discretionary bonus included in employee compensation and benefits.

The major driver of the increase in the proportion of performance-based discretionary compensation attributable to non-principals was the transition in the management of funds managed by a former principal of GLG during the periods presented to employee non-principal investment professionals. The shift in 2005 to employee non-principal managers of the funds primarily managed by the former principal resulted in higher performance based discretionary bonuses being included in employee compensation and benefits in 2005 compared to 2004. The increase in employee compensation and benefits was also partially attributable to certain one-time costs incurred in 2005, primarily the approximately $41.6 million expense recorded in 2005 related to the employment tax settlement covering the period from GLG s separation from Lehman International in 2000 to April 5, 2006. No comparable expense was recorded in 2004.

General and administrative expenses increased by $22.0 million, or 52.4%, to $64.0 million. This increase was mainly attributable to legal, professional and regulatory costs, in addition to costs associated with the development of the GLG platform to support the growing scale of GLG s operations.

For these periods, there were no limited partner profit shares, as the limited partner profit share arrangement was not implemented until 2006. As a result, non-GAAP PSCB for these periods would have been the same as GAAP employee compensation and benefits.

Income Tax

GLG s effective income tax rate is generally low since the portion of GLG s profits comprising the limited partner profit share is included in income before income taxes but is subject to tax at the level of the limited partners and is not subject to corporation tax. In addition, some of GLG s business is conducted in the Cayman Islands which does not levy corporate income tax on GLG s earnings. Shown in the tables below are reconciliations of income taxes computed at the standard U.K. corporation tax rate to the actual income tax expense which reflect GLG s effective income tax rate.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Change in Income Taxes between Nine Months Ended September 30, 2007 and September 30, 2006

	Nine Months Ended September 30,		
	2007	**2006**	**Change**
	(US dollars in thousands)		
Income taxes	$ (33,020)	$ (14,803)	$ (18,218)
Reconciliation of income taxes computed at standard U.K. corporation tax rate to income tax charge			
Income before income taxes	$ 408,122	$ 175,649	$ 232,474
Tax charge at U.K. corporation tax rate (30%)	(122,437)	(52,695)	(69,742)

Factors affecting charge:			
Overseas tax rate differences	28,913	15,438	13,475
Disallowed and non-taxable items	(1,746)	(505)	(1,241)
Pass through to non-controlling interest holders	62,250	22,959	39,291
Tax on profit on ordinary activities	$ (33,020)	$ (14,803)	$ (18,218)
Effective income tax rate	8.09%	8.43%	(0.34)%

Income tax expense increased by $18.2 million to $33.0 million, driven mainly by a 132.4% increase in income before income taxes, partially offset by a reduction in the effective income tax rate from 8.43% to

8.09%. The decrease in the effective income tax rate was due to an increase in amounts distributed as limited partner profit shares included in income before income taxes that did not impact income tax expense. The increase in these distributions was a result of certain key personnel ceasing to be employees and becoming participants in the limited partner profit share arrangement at or after the end of the second quarter of 2006.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Change in Income Taxes between Years Ended December 31, 2006 and December 31, 2005

	Years Ended December 31, 2006	2005	Change
	(Dollars in thousands)		
Income taxes	$ (29,225)	$ (25,345)	$ (3,880)
Reconciliation of income taxes computed at standard U.K. corporation tax rate to income tax charge			
Income before income taxes	$ 388,733	$ 196,247	$ 192,486
Tax charge at U.K. corporation tax rate (30%)	(116,620)	(58,874)	(57,746)
Factors affecting charge:			
Overseas tax rate differences	27,557	35,185	(7,628)
Disallowed and non-taxable items	(841)	(1,656)	815
Pass through to non-controlling interest holders	60,679		60,679
Tax on profit on ordinary activities	$ (29,225)	$ (25,345)	$ (3,880)
Effective income tax rate	7.52%	12.91%	(5.40)%

Income tax increased by $3.9 million to $29.2 million, driven by a 98.1% increase in income before income taxes, partially offset by a reduction in the effective income tax rate from 12.91% to 7.52%. The decrease in the effective income tax rate was due to an increase in amounts distributed as limited partner profit shares included in income before income taxes that did not impact income tax expense and a reduction in disallowed expenses, partially offset by an increase in the proportion of income before income taxes recognized in the United Kingdom, which applies a higher tax rate than the Cayman Islands and other jurisdictions in which GLG conducts business. The increase in these distributions was a result of certain key personnel ceasing to be employees and becoming participants in the limited partner profit share arrangement at the end of the second quarter of 2006.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Change in Income Taxes between Years Ended December 31, 2005 and December 31, 2004

	Years Ended December 31, 2005	2004	Change
	(Dollars in thousands)		

Income taxes	$ (25,345)	$ (48,372)	$ 23,027
Reconciliation of income taxes computed at standard U.K. corporation tax rate to income tax charge			
Income before income taxes	$ 196,247	$ 276,440	$ (80,193)
Tax charge at U.K. corporation tax rate (30%)	(58,874)	(82,932)	24,058
Factors affecting charge:			
Overseas tax rate differences	35,185	36,118	(933)
Disallowed and non-taxable items	(1,656)	(1,558)	(98)
Pass through to non-controlling interest holders			
Tax on profit on ordinary activities	$ (25,345)	$ (48,372)	$ 23,027
Effective income tax rate	12.91%	17.49%	(4.58)%

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Income tax decreased by $23.0 million to $25.3 million, driven by both a 29.0% decrease in income before income taxes and by a reduction in the effective income tax rate from 17.49% to 12.91%. The decrease in the effective income tax rate was due to a decrease in the proportion of income before income taxes recognized in the United Kingdom, which applies a higher tax rate than the Cayman Islands and other jurisdictions in which GLG conducts business, partially offset by an increase in disallowed expenses.

Adjusted Net Income

As discussed above under Assessing Business Performance , GLG presents a non-GAAP adjusted net income measure. The tables below reconcile net income to adjusted net income for the periods presented.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Change in Non-GAAP Adjusted Net Income between Nine Months Ended September 30, 2007 and September 30, 2006

	Nine Months Ended September 30		
	2007	2006	Change
	(Dollars in thousands)		
Derivation of non-GAAP adjusted net income			
GAAP net income	$ 375,102	$ 160,846	$ 214,256
Deduct: limited partner profit share	(207,500)	(76,530)	(130,970)
Non-GAAP adjusted net income	$ 167,602	$ 84,316	$ 83,286

Adjusted net income increased by $83.3 million, or 99%, to $167.6 million. This increase was driven by increased performance, management and administration fees, resulting from GLG s larger pool of AUM, stronger performance and increased fee yields during the 2007 period. The adjusted net income measure for these periods includes limited partner profit share arising from fund performance crystallized during the nine months ended September 30, 2007.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Change in Non-GAAP Adjusted Net Income between Years Ended December 31, 2006 and December 31, 2005

	Years Ended December 31,		
	2006	2005	Change
	(Dollars in thousands)		
Derivation of non-GAAP adjusted net income			
GAAP net income	$ 359,508	$ 170,902	$ 188,606
Deduct: limited partner profit share	(201,450)		(201,450)

Non-GAAP adjusted net income	$ 158,058	$ 170,902	$ (12,844)

Adjusted net income decreased by $12.8 million, or 7.5%, to $158.1 million. This reduction was driven by an increase in non-GAAP PSCB, resulting from the transition from a transaction charge to an administration fee model and an increase in the proportion of performance attributable to non-principals, as further described under Results of Operations Expenses Year Ended December 31, 2006 Compared to Year Ended December 31, 2005 Non-GAAP Expense Measures . Such increase was partially offset by the non-recurrence in 2006 of certain one-time costs incurred in 2005, primarily relating to the approximately $41.6 million employment tax settlement with the Inland Revenue.

For fiscal 2004 and 2005, there were no limited partner profit shares, as the limited partner profit share arrangement was not implemented until 2006. As a result, non-GAAP PSCB for these periods would have

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been the same as GAAP employee compensation and benefits, and non-GAAP adjusted net income would have been the same as GAAP net income.

Liquidity and Capital Resources

Liquidity is a measurement of GLG s ability to meet potential cash requirements, including ongoing commitments to repay borrowings, pay compensation, and satisfy other general business needs. GLG s primary sources of funds for liquidity consist of cash flows provided by operating activities, primarily the management fees and performance fees paid from the GLG Funds and accounts managed by GLG.

In connection with the acquisition of GLG, GLG repaid its credit facility with the Bank of New York and we entered into a new revolving and term loan credit facilities, primarily to fund the cash purchase price for the acquisition of GLG, and which also provides funding of working capital for us and our subsidiaries.

We expect that our cash on hand and our cash flows from operating activities, the issuance of debt and equity securities and existing and future bank loans will satisfy our liquidity needs over the next twelve months. We expect to meet our long-term liquidity requirements, including the repayment of debt obligations, through the generation of operating income, the issuance of debt and equity securities and existing and future bank loans.

Our ability to execute our business strategy, particularly our ability to form new GLG Funds and increase our AUM, depends on our ability to raise additional investor capital within such funds. Decisions by investors to commit capital to the GLG Funds and accounts managed by us will depend upon a number of factors, including, but not limited to the financial performance of the GLG Funds and managed accounts, industry and market trends and performance and the relative attractiveness of alternative investment opportunities.

Excess cash held by us on our balance sheet is either kept in deposit bearing accounts or invested in AAA-rated money market funds. Currency hedging is undertaken to maintain currency net assets at pre-determined ratios.

Operating Activities

GLG s net cash provided by operating activities was $529.8 million for the nine months ended September 30, 2007 compared to $189.1 million for the nine months ended September 30, 2006, reflecting significantly lower cash payments of compensation and benefits due to certain key personnel ceasing to be employees in mid-2006 and instead becoming participants in the limited partner profit share arrangement. The amounts paid as limited partner profit share are reflected beginning in 2006 as distributions to non-controlling interest holders in financing activities in the statements of cash flows.

GLG s net cash provided by operating activities was $219.2 million, $208.5 million and $296.1 million during the years ended December 31, 2006, 2005 and 2004, respectively. These amounts primarily reflect cash-based fee income, less cash compensation, benefits and non-personnel costs and tax payments. The increase in net cash provided by operating activities from 2005 to 2006 was attributable to an increase in net income, driven primarily by certain key personnel ceasing to be employees in mid-2006 and instead becoming participants in the limited partner profit share arrangement, offset by GLG s need during the period to pay greater accrued compensation which had arisen in 2005. The decrease in net cash provided by operating activities from 2004 to 2005 was attributable primarily to a reduction in net income, coupled with higher year-end fees receivable.

Investing Activities

GLG s net cash used in investing activities was $4.4 million for the nine months ended September 30, 2007 compared to $1.7 million for the nine months ended September 30, 2006, reflecting increased purchases of fixed assets to support GLG s expanding headcount and infrastructure.

GLG s net cash used in investing activities was $4.7 million, $0.6 million and $2.9 million during the years ended December 31, 2006, 2005 and 2004, respectively. These amounts primarily reflect the cash

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purchase of fixed assets to support GLG s expanding headcount and infrastructure. GLG does not undertake material investing activities, and hence net cash used in investing activities is generally not significant in the context of the business. Additionally, the amount of net cash used in investing activities on a year-to-year basis may be strongly affected by the purchase of a particular fixed asset, thereby giving rise to a potentially volatile year-to-year net cash usage.

Financing Activities

GLG s net cash used in financing activities was $407.6 million for the nine months ended September 30, 2007 compared to $152.1 million for the nine months ended September 30, 2006. The increase primarily reflects an increase of $149.3 million of distributions to non-controlling interest holders, the participants in the limited partner profit share arrangement.

GLG s net cash used in financing activities was $179.4 million, $106.5 million and $222.1 million during the years ended December 31, 2006, 2005 and 2004, respectively. These amounts primarily reflect distributions made to principals and other participating members. The increase in net cash used in financing activities from 2005 to 2006 was attributable primarily to a decision by the Principals and Trustees to change the timing of distributions from the business from 2005 to 2006, coupled with distributions to non-controlling interest holders during 2006, resulting from certain key personnel becoming participants in the limited partner profit share arrangement beginning in mid-2006.

GLG did not make quarterly distributions of profit in 2006 and there were no distributions to non-controlling interest holders in 2005 because the limited partner profit share arrangement was not yet in effect. The decrease in net cash used in financing activities from 2004 to 2005 was attributable to a decision by the Principals and Trustees to draw less cash distributions from the business during 2005.

Off-Balance Sheet Arrangements

GLG did not have, and we do not have, any off-balance sheet arrangements.

Contractual Obligations, Commitments and Contingencies

GLG has annual commitments under non-cancellable operating leases for office space located in London, the Cayman Islands and New York City (GLG Inc.) which expire on various dates through 2018. The minimum future rental expense under these leases is as follows:

Future Rental Expenses

Years Ended December 31,						
2007	**2008**	**2009**	**2010**	**2011**	**Thereafter**	**Total**
(Dollars in thousands)						
$ 4,287	$ 4,287	$ 4,339	$ 4,339	$ 4,339	$ 27,877	$ 49,468

Rental expenses are recognized on a straight-line basis and during the years ended December 31, 2006, 2005 and 2004 were $7.5 million, $6.2 million and $5.1 million, respectively.

GLG Holdings Limited entered into a credit facility in the principal amount of $13.0 million on October 29, 2002 with the Bank of New York. Interest on the loan was payable quarterly at the annual rate of LIBOR plus 75 basis points. The loan was repayable in four equal quarterly installments of $3.25 million. The first installment was originally due on January 29, 2007; however, the facility was extended on February 28, 2007 for another five years under the same terms and conditions and the repayment was to commence effective January 29, 2012. The loan was secured by a pledge of substantially all of the assets of GLG Holdings Limited and there were liens on the future revenue streams of certain GLG entities. In connection with the consummation of the acquisition of GLG, this loan was repaid in full.

On October 30,2007, we and certain of our wholly owned subsidiaries entered into a credit agreement with a syndicate of banks arranged by Citigroup Global Markets, Inc. providing our subsidiary FA Sub 3

Limited, subject to customary conditions, with: (i) a 5-year non-amortizing revolving credit facility in a principal amount of up to $40.0 million; and (ii) a 5-year amortizing term loan facility in a principal amount of up to $530.0 million. On November 2, 2007, we borrowed $530.0 million under the term loan facility to finance the purchase price for our acquisition of GLG, including purchase price adjustments, to pay transaction costs and to repay existing GLG indebtedness. The remaining $40.0 million under the revolving credit facility was also drawn down in November 2007. Interest on the revolving and term loans is payable quarterly at the annual rate, at our option, of 1,2,3 or 6-month LIBOR plus the applicable margin (currently 1.25%), which was 5.9534% at November 30, 2007.

In the normal course of business, GLG and its subsidiaries enter into operating contracts that contain a variety of representations and warranties and that provide general indemnifications. GLG s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against GLG that have not yet occurred. However, based on experience, GLG expects the risk of material loss to be remote.

Qualitative and Quantitative Disclosures About Market Risk

GLG s predominant exposure to market risk is related to its role as investment manager for the GLG Funds and accounts it manages for clients and the impact of movements in the fair value of their underlying investments. Changes in value of assets managed will impact the level of management and performance fee revenues.

The broad range of investment strategies that are employed across the approximately 40 GLG Funds and the managed accounts mean that they are subject to varying degrees and types of market risk. In addition, as the GLG Funds and managed accounts are managed independently of each other and risk is managed at a strategy and fund level, it is unlikely that any market event would impact all GLG Funds and managed accounts in the same manner or to the same extent. Moreover, there is no netting of performance fees across funds as these fees are calculated at the fund level.

The management of market risk on behalf of clients, and through the impact on fees to GLG, is a significant focus for GLG and it uses a variety of risk measurement techniques to identify and manage market risk. Such techniques include Monte Carlo Value at Risk, stress testing, exposure management and sensitivities, and limits are set on these measures to ensure the market risk taken is commensurate with the publicized risk profile of each GLG Fund and in compliance with risk limits.

In order to provide a quantitative indication of the possible impact of market risk factors on GLG s future performance, the following sets forth the potential financial impact of scenarios involving a 10% increase or decrease in the fair value of all investments in the GLG Funds and managed accounts. While these scenarios are for illustrative purposes only and do not reflect GLG management s expectations regarding future performance of the GLG Funds and managed accounts, they represent hypothetical changes that illustrate the potential impact of such events.

Impact on Management Fees

GLG s management fees are based on the AUM of the various GLG Funds and accounts that it manages, and, as a result, are impacted by changes in market risk factors. These management fees will be increased or reduced in direct proportion to the impact of changes in market risk factors on AUM in the related GLG Funds and accounts managed by GLG. A 10% change in the fair values of all of the investments held by the GLG Funds and managed accounts as of September 30, 2007 would impact future net management fees in the following four fiscal quarters by an aggregate of $25.5 million, assuming that there is no subsequent change to the investments held by the GLG Funds and managed accounts in those four following fiscal quarters.

Impact on Performance Fees

GLG s performance fees are generally based on a percentage of profits of the various GLG Funds and accounts that it manages, and, as a result, are impacted by changes in market risk factors. GLG s performance fees will therefore generally increase given an increase in the market value of the investments in the relevant

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GLG Funds and managed accounts and decrease given a decrease in the market value of the investments in the relevant GLG Funds and managed accounts. However, it should be noted that GLG is not required to refund historically crystallized performance fees to the GLG Funds and managed accounts. The calculation of the performance fee includes in certain cases benchmarks and high-water marks , and as a result, the impact on performance fees of a 10% change in the fair values of the investments in the GLG Funds and managed accounts cannot be readily predicted or estimated.

Impact on Administration Fees

GLG s administration fees are generally based on the AUM of the GLG Funds and managed accounts to which they relate and, as a result, are impacted by changes in market risk factors. GLG s administration fees will generally increase given an increase in the market value of the investments in the relevant GLG Funds and managed accounts and decrease given a decrease in the market value of the investments in the relevant GLG Funds and managed accounts. In certain cases, the calculation of the administration fees includes minimum payments and fixed payments and, as a result, the impact on administration fees of a 10% change in the fair values of the investments in the GLG Funds and managed accounts cannot be readily predicted or estimated.

Market Risk

The GLG Funds and accounts managed by GLG hold investments that are reported at fair value as of the reporting date. GLG s AUM is a measure of the estimated fair values of the investments in the GLG Funds and managed accounts. GLG s AUM will therefore increase (or decrease) in direct proportion to changes in the market value of the total investments across all of the GLG Funds and managed accounts. A 10% change in the fair values of all of the investments held by the GLG Funds and managed accounts as of September 30, 2007 would impact GLG s gross AUM by $2.4 billion and net AUM by $2.0 billion as of such date. This change will consequently affect GLG s management fees and performance fees as described above.

Exchange Rate Risk

The GLG Funds and the accounts managed by GLG hold investments that are denominated in foreign currencies, whose value against GLG s reporting currency may fluctuate. Furthermore, share classes may be issued in the GLG Funds denominated in foreign currencies, whose value against the currency of the underlying investments, or against GLG s reporting currency, may fluctuate. The GLG Funds and the managed accounts may employ currency hedging to help mitigate such risks. In addition, foreign currency movements may impact GLG s management and performance fees as described above. GLG employs a currency hedging policy to help mitigate such risk.

Interest Rate Risk

The GLG Funds and accounts managed by GLG hold positions in debt obligations and derivatives thereof some of which accrue interest at variable rates and whose value is impacted by reference to changes in interest rates. Interest rate changes may therefore directly impact the AUM valuation of these GLG Funds and managed accounts, which may affect GLG s management fees and performance fees as described above. Our long-term debt consists of our outstanding revolving and term loan credit facilities. Interest on the outstanding principal amounts is currently based on 1-month LIBOR plus the applicable margin (currently 1.25%), which is reset periodically and was 5.9534% at November 30, 2007. A 10% change in the 1-month LIBOR would impact our interest expense by approximately $0.2 million for the 1-month period.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined balance sheets as of September 30, 2007 and the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2007 and the year ended December 31, 2006 give effect to the acquisition by us of GLG and also give effect to certain transactions coincident with the acquisition. However, the pro forma information does not give effect to the proposed acquisition of GLG Holdings, Inc. and GLG Inc., which is subject to certain conditions precedent and is not expected to be completed until after the consummation of the acquisition of GLG. The pro forma information is based on the historical financial statements of Freedom and GLG after giving effect to the combination and applying the estimates, assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial information.

The acquisition is considered to be a reverse acquisition recapitalization for accounting purposes because, among other things, the GLG Shareowners own a majority of our outstanding shares following consummation of the acquisition of GLG. Under this method of accounting, GLG is the acquiring company. The acquisition is treated as the equivalent of GLG issuing stock for the net assets of Freedom accompanied by a recapitalization. The net assets of Freedom, primarily cash, are stated at their fair value, which is equivalent to the carrying value, and accordingly no goodwill or other intangible assets are recorded for accounting purposes.

For pro forma purposes, the unaudited balance sheet of Freedom as of September 30, 2007 was combined with the unaudited combined balance sheet of GLG as of September 30, 2007 as if the transaction had occurred on September 30, 2007. The unaudited statement of operations of Freedom for the nine months ended September 30, 2007 was combined with the unaudited combined statement of operations of GLG for the nine months ended September 30, 2007 and the statement of operations of Freedom for the period from June 8, 2006 (date of inception) to December 31, 2006 was combined with the combined statement of operations of GLG for the year ended December 31, 2006, in each case as if the transaction had occurred on January 1, 2006.

The unaudited pro forma condensed combined financial information has been prepared for illustrative purposes and is not intended to represent the condensed combined financial position or condensed combined results of operations in future periods or what the results actually would have been had Freedom and GLG been a combined company during the specified periods. The unaudited pro forma condensed combined financial information and accompanying notes should be read in conjunction with the following information included in this prospectus: (1) the GLG historical combined financial statements and notes thereto for the year ended December 31, 2006 and the nine months ended September 30, 2007, (2) the Freedom historical financial statements for the period from June 8, 2006 (date of inception) to December 31, 2006 and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2006 and the Freedom historical condensed financial statements for the nine months ended September 30, 2007, included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, in each case, filed with the SEC and (3) Management s Discussion and Analysis of Financial Condition and Results of Operations .

Net losses of $427.1 million and $710.3 million on a pro forma basis for the nine months ended September 30, 2007 and the year ended December 31, 2006, respectively, were largely driven by non-cash share-based compensation expenses of $791 million and $1,055 million, respectively. These expenses for the nine months ended September 30, 2007 and the year ended December 31, 2006 are composed of the following:

- charges of $53 million and $71 million, respectively, related to the 10,000,000 shares of our common stock to be issued for the benefit of GLG s employees, service providers and certain key personnel under the Restricted Stock Plan;

charges of $209 million and $279 million, respectively, related to the 33,000,000 shares of our common stock and $150 million in cash or Notes to be issued for the benefit of certain of GLG s key personnel participating in the equity participation plan; and

charges of $529 million and $705 million, respectively, related to the 77,604,988 shares of our common stock and 58,904,993 exchangeable Class B ordinary shares of FA Sub 2 Limited subject to the agreement among principals and trustees.

The shares described above are subject to certain vesting and forfeiture provisions and the related share-based compensation expenses are being recognized on a straight-line basis over the requisite service period using the accelerated method in accordance with the provisions of SFAS 123(R) for the Restricted Stock Plan and agreement among principals and trustees, and EITF Issue No. 96-18, for the equity participation plan.

Total shareholders deficit on a pro forma basis as of September 30, 2007 of $99 million largely reflects the cash portion of the acquisition consideration of $1.0 billion, less certain amounts payable in relation to the equity participation plan that will be recognized in future periods.

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UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
as of September 30, 2007

	GLG Historical	Freedom Historical	Pro Forma Adjustments		Pro Forma Combined
	(In thousands, except share amounts)				
ASSETS					
Cash and cash equivalents	$ 391,732	$ 1,779	$ (1,001,320)	(1),(7)	$ 454,531
			519,142	(2)	
			50,000	(3)	
			(17,952)	(4)	
			511,151	(5)	
				(1)(6)	
Deferred compensation, current			104,094	(1)	69,469
			(34,625)	(8)	
Investments	163				163
Fees receivable	40,687				40,687
Prepaid and other current assets	32,647	3,784	5,849	(5)	42,280
Cash held in trust account (restricted cash)		519,142	(519,142)	(2)	23,892
			23,892	(7)	
Deferred compensation, non-current			45,906	(8)	45,906
Property, plant and equipment, net	8,966				8,966
Total assets	$ 474,195	$ 524,705	$ (313,006)		$ 685,894
LIABILITIES AND MEMBERS EQUITY					
Current liabilities:					
Rebates and sub-administration fees payable	$ 19,473	$	$		$ 19,473
Accrued compensation and benefits	63,199				63,199
Income taxes payable	19,038				19,038
Distributions payable	71,311				71,311
Accounts payable and accruals	14,753	1,853	36,000	(9)	52,606
Other liabilities	3,654				3,654
Loan notes			23,892	(7)	23,892
Total current liabilities	191,428	1,853	59,892		253,173
Loan payable	13,000		517,000	(5)	530,000
Deferred underwriters fee		17,952	(17,952)	(4)	
Redeemable common stock and interest		103,881	(103,881)	(6)	
Minority interest	2,031			(10),(16)	2,031
Members equity:					
Members equity	6,843		(6,843)	(1)	
		6	17	(1)	23

Common stock, $.0001 par value; 200,000,000 authorized, 64,800,003 issued and outstanding, actual; 1,150,000,000 authorized, 230,340,290 issued and outstanding, pro forma					
Series A voting preferred stock, $.0001 par value; no shares authorized, issued and outstanding, actual; 1,000,000,000 authorized, 58,904,993 issued and outstanding, pro forma			6	(12)	6
Additional paid-in capital		392,127	(851,320)	(1),(7)	97,149
			50,000	(3)	
			103,880	(6)	
			(36,000)	(9)	
			6,820	(11),(12)	
			431,642	(8)	
Income accumulated during the development stage		8,886	(8,886)	(11)	
Accumulated income (deficit)	257,238		8,886	(11)	(200,143)
			(466,267)	(8)	
Accumulated other comprehensive income	3,655				3,655
Total members equity	267,736	401,019	(768,065)		(99,310)
Total liabilities and members equity	$ 474,195	$ 524,705	$ (313,006)		$ 685,894

See notes to unaudited pro forma condensed combined financial information.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
Nine months ended September 30, 2007

	GLG Historical	Freedom Historical	Pro Forma Adjustments		Pro Forma Combined
	(In thousands, except per share amounts)				
Net revenues and other income:					
Management fees, net	$ 198,892	$	$		$ 198,892
Performance fees, net	343,835				343,835
Administration fees, net	42,986				42,986
Other	7,875				7,875
	593,588				593,588
Expenses:					
Employee compensation and other benefits	(110,526)		(791,096)	(8)	(893,029)
			8,593	(13)	
General, administrative and other	(79,634)	(554)			(80,188)
	(190,160)	(554)	(782,503)		(973,217)
Income (loss) from operations	403,428	(554)	(782,503)		(379,629)
Other income (expense):					
Interest income (expense), net	4,694	19,242	(24,981)	(5)	(20,287)
			(19,242)	(14)	
Income (loss) before income taxes	408,122	18,688	(826,726)		(399,916)
Income taxes	(33,020)	(8,663)	8,663	(1)	(27,223)
			7,494	(1)	
			(1,707)	(13)	
Net income (loss)	375,102	10,025	(812,276)		(427,149)
Less cumulative dividends			(15,880)	(16)	(15,880)
Interest income subject to possible redemption		(1,309)	1,309	(6)	
Less minority interest	(479)			(10),(16)	(479)
Net income (loss) applicable to equity interest holders	$ 374,623	$ 8,716	$ (826,847)		$ (443,508)
Net income (loss) per common share, basic		$ 0.16			$ (1.84)
Weighted average shares outstanding, basic		64,395			240,895
Net income (loss) per common share, diluted		$ 0.12			$ (1.84)
		82,542			240,895

Weighted average shares
outstanding, diluted

See notes to unaudited pro forma condensed combined financial information.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
Year ended December 31, 2006

	GLG Historical	Freedom Historical	Pro Forma Adjustments		Pro Forma Combined
	(In thousands, except per share amounts)				
Net revenues and other income:					
Management fees, net	$ 186,273	$	$		$ 186,273
Performance fees, net	394,740				394,740
Administration fees, net	34,814				34,814
Other	5,039				5,039
	620,866				620,866
Expenses:					
Employee compensation and other benefits	(168,386)		(1,054,795)	(8)	(1,212,657)
			10,524	(1)	
General, administrative and other	(68,404)	(94)			(68,498)
	(236,790)	(94)	(1,044,271)		(1,281,155)
Income (loss) from operations	384,076	(94)	(1,044,271)		(660,289)
Other income (expense):					
Interest income (expense), net	4,657	390	(33,365)	(5)	(28,708)
			(390)	(1)	
Income (loss) before income taxes	388,733	296	(1,078,026)		(688,997)
Income taxes	(29,225)	(127)	127	(1)	(21,309)
			10,010	(1)	
			(2,094)	(13)	
Net income (loss)	359,508	169	(1,069,983)		(710,306)
Less cumulative dividends			(14,174)	(16)	(14,174)
Interest income subject to possible redemption	(182)			(10),(16)	(182)
Less minority interest	$ 359,326	$ 169	$ (1,084, 157)		$ (724,662)
Net income (loss) applicable to equity interest holders		$ 0.01			$ (3.01)
Net income (loss) per common share, basic		13,012			240,895

See notes to unaudited pro forma condensed combined financial information.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION
(In thousands, except share and per share amounts)

Note A. Basis of Presentation

On June 22, 2007, Freedom and GLG announced a definitive agreement pursuant to which Freedom agreed to purchase all of the outstanding equity interests of certain GLG entities. Because the owners of the equity interests in the acquired GLG entities (the GLG Shareowners) own approximately 77% of our voting interests of immediately following the consummation of the acquisition, GLG was deemed to be the acquiring company for accounting purposes. Accordingly, the transaction has been accounted for as a reverse acquisition. Because Freedom had no active business operations, the acquisition has been accounted for as a recapitalization of GLG and GLG was treated as the acquirer and continuing reporting entity for accounting purposes. The assets and liabilities of Freedom were recorded, as of completion of the acquisition, at fair value, which is considered to approximate historical cost, and added to those of GLG.

The fair values of the net assets of Freedom are shown below.

Cash	$ 520,921
Deferred underwriters fee	(17,952)
Other net current assets	1,931
Redeemable stock	(1)
Total	$ 504,899

Minority Interest

FA Sub 2 Limited Exchangeable Shares

Upon consummation of the transaction, Noam Gottesman and the Gottesman GLG Trust received, in exchange for their interests in the existing GLG entities, 58,904,993 exchangeable Class B ordinary shares of FA Sub 2 Limited (the Exchangeable Shares) and 58,904,993 shares of our Series A voting preferred stock (the Series A preferred stock), in addition to their proportionate share of the cash consideration.

The Exchangeable Shares are exchangeable for an equal number of shares of our common stock at any time for no cash consideration at the holder s option. Upon exchange of the Exchangeable Shares, an equivalent number of shares of Series A preferred stock will be concurrently redeemed. The shares of Series A preferred stock are entitled to one vote per share and to vote with the common stockholders as a single class but have no economic rights. In contrast, the Exchangeable Shares carry dividend rights but no voting rights except with respect to certain limited matters which will require the majority vote or written consent of the holder of Exchangeable Shares. The combined ownership of the Exchangeable Shares and the Series A preferred stock provides the holder of these shares with voting rights that are equivalent to those of our common stockholders.

The dividend rights of the Exchangeable Shares are such that the holder of these shares will receive an equivalent dividend as the common stockholders in addition to a cumulative dividend. The dividend rights of the holder of the Exchangeable Shares are in excess of those of our common stockholders, and these rights are therefore presented as a cumulative dividend in the pro forma condensed combined statements of operations.

Since FA Sub 2 Limited will have negative equity on a pro forma basis following completion of the acquisition of GLG and the holder of the Exchangeable Shares will have no obligation to fund losses, we will absorb all losses after the cumulative dividends. Upon the materialization of future earnings, the majority interest will be credited to the extent of such losses previously absorbed.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

GLG Holdings Inc. and GLG Inc.

GLG consolidates GLG Holdings Inc. and GLG Inc. pursuant to the requirements of Financial Accounting Standards Board (FASB) Interpretation No. 46, *Consolidation of Variable Interest Entities,* since they are variable interest entities and GLG is the Primary Beneficiary.

Note B. Pro Forma Adjustments

Pro forma adjustments are necessary to record the purchase price of the acquisition of GLG (consisting of cash and loan notes issued to certain GLG Shareowners (the Notes)) and to reflect transactions that are a direct result of the acquisition.

The following pro forma adjustments are included in the unaudited condensed combined financial statements:

(1) Reflects cash paid to GLG Shareowners upon consummation of the acquisition, which comprises the $1.0 billion purchase consideration and $1.3 million net cash , as defined in the purchase agreement, less the Notes (see Note 7).

(2) Reflects reclassification of Freedom s pre-acquisition cash from being held as a receivable (restricted cash) to cash since upon consummation of the acquisition the restrictions will lapse.

(3) Reflects cash proceeds from the co-investment by Freedom s sponsors immediately prior to consummation of the acquisition.

(4) Reflects payment of the deferred underwriters fee from Freedom s initial public offering in December 2006 to be made upon consummation of the acquisition.

(5) Reflects the revolving credit and term loan facilities to be entered into upon consummation of the acquisition, repayment of existing borrowing and related interest payable. A 0.125% increase in the interest rate would have the following impacts:

Interest expense	$ 663
Income tax	$ (199)

(6) Reflects the redemption of 100 shares of our common stock upon consummation of the acquisition and reclassification of redeemable common stock as permanent equity.

(7) Reflects Notes issued, upon request, to Sage Summit LP and Lavender Heights Capital LP upon consummation of the acquisition and the transfer of cash to an escrow account to be held for the repayment of the Notes. The amount reflects the likely maximum amount of Notes that may be requested by those key personnel that may find it advantageous to exercise their right to request Notes. Interest is payable on the Notes at a fluctuating interest rate per annum equal to the rate for the Citibank Custody Institutional Market Deposit Account less 0.10% per annum. As the total interest payable is expected to closely match the returns on restricted cash set aside for the repayment of the Notes, no adjustment has been made to net interest expense in the condensed combined pro forma statement of operations. Pro forma gross interest income on the restricted cash and interest payable on the loan notes are each $797

for the nine months ended September 30, 2007 and $1,063 for the year ended December 31, 2006. The Notes are repayable on demand by either party after an initial minimum holding period of nine months, up to the final redemption date on the second anniversary of the issuance date of the Notes. The Notes are non-recourse obligations of FA Sub 1 Limited and its affiliates (including GLG Partners, Inc.).

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

(8) Reflects share-based and other compensation recognized in respect of (a) the equity participation plan, (b) the 10,000,000 shares allocated for the benefit of employees, service providers and certain key personnel under the Restricted Stock Plan, and (c) the agreement among the principals and trustees.

(a) Equity participation plan

Upon consummation of the acquisition, certain key personnel who participate in GLG s equity participation plan are entitled through their limited partnership interests in Sage Summit LP and Lavender Heights Capital LP to receive collectively approximately 15% of the total consideration of cash (or promissory notes) and our capital stock payable to the GLG Shareowners in the acquisition. This cash and our capital stock will be subject to vesting requirements and will be accounted for in accordance with EITF Issue No. 96-18, Accounting For Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction With Selling, Goods or Services .

These equity participation plan participants will receive a pro rata portion of 25% of such amounts on consummation of the acquisition, with the remaining 75% vesting in equal installments over a three-year period on the first, second and third anniversaries or in equal installments over a four-year period on the first, second, third and fourth anniversaries of the consummation of the acquisition. The unvested portion of such amounts will be subject to forfeiture in the event of termination of the individual as a limited partner prior to each vesting date, unless such termination is without cause after there has been a change in control of our company or due to death or disability. Upon forfeiture, these unvested amounts will not be returned to us but to the limited partnerships, which may reallocate such amounts to their existing or future limited partners.

The total compensation expense included in the condensed combined statement of operations for the year ended December 31, 2006 for the equity participation plan is $279,000. The total expense for the equity participation plan will be $602,000 comprising cash of $150,000 and 33,000,000 Exchangeable Shares of FA Sub 1 Limited converted into our common stock promptly after the acquisition with a fair value of $452,000 (using a fair value of $13.70 per share based on the closing price per share of our common stock on November 2, 2007 and assuming no change in fair value).

(b) Restricted Stock Plan

Of the purchase price for the acquisition, up to 10,000,000 shares of our common stock will be allocated to the employees, service providers and certain key personnel under the Restricted Stock Plan. These shares will be subject to vesting terms. These vesting requirements have not been finally determined; however, these pro forma condensed combined financial statements assume that 25% per annum vests over a four-year period on the first, second, third and fourth anniversaries of the consummation of the acquisition.

A $71,354 charge to the combined statement of operations for the year ended December 31, 2006 has been recognized using the accelerated method under SFAS 123(R), Share-based payments , assuming no forfeiture and a fair value of $13.70 per share.

(c) Agreement Among Principals and Trustees

In addition, in connection with the acquisition, Mr. Gottesman, Emmanuel Roman and Pierre Lagrange, (collectively, the Principals) and the trustees of their respective trusts (collectively, the Trustees) will enter into an agreement

among principals and trustees which will provide that, in the event a Principal voluntarily terminates his employment with GLG Partners, Inc. for any reason prior to the fifth anniversary of the acquisition, a portion of the equity interests held by that Principal and his related Trustee as of the closing of the acquisition will be forfeited to the Principals who are still employed by GLG Partners, Inc. and their related Trustees. The pro forma assumes no forfeiture of shares by any Principal or Trustee.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

The agreement provides for vesting at the following rates:

Consummation of the acquisition	17.5%
Each anniversary from 1st to 5th year	16.5%

A $704,593 charge to the condensed combined statement of operations for the year ended December 31, 2006 has been recognized using the accelerated method of SFAS 123(R), reflecting 77,604,988 shares of our common stock and 58,904,993 Exchangeable Shares at a fair value of $13.70 per share and assuming no forfeiture.

(9) Reflects GLG s and Freedom s estimated transaction costs of $36,000 consisting primarily of investment banking, legal and accounting fees.

(10) Minority interests represent the economic interests of the stockholders of GLG Holdings, Inc. Pursuant to a stock purchase agreement dated June 13, 2007, GLG Partners LP (or its designee) agreed to purchase from Emerald Tree Foundation, an independent Bermuda charitable foundation, all of the outstanding shares of GLG Holdings Inc., the parent company of GLG Inc., for $2,500. The closing of the stock purchase is conditioned on, among other things, the registration with the SEC of GLG Partners LP or GLG Inc. as an investment adviser under the U.S. Investment Advisers Act of 1940. GLG Inc. is expected to file a registration statement with the SEC in early December 2007. GLG Partners, Inc. has been designated by GLG Partners LP as the purchaser of GLG Inc. The acquisition of GLG Inc. is expected to be completed in 2008, at which time GLG Inc. will become an indirect wholly owned subsidiary of GLG Partners, Inc.

Due to the number of contingencies required for completion, the acquisition of GLG Holdings Inc. and GLG Inc. has not been included in the unaudited pro forma condensed combined financial information. The impact of the acquisition of GLG Holdings Inc. and GLG Inc. would be to:

- reduce minority interests by $2,031, reduce cash by $2,500 and increase goodwill by $469 in the unaudited pro forma condensed combined balance sheets as of September 30, 2007 for both assuming the maximum approval and assuming the minimum approval; and

- adjust minority interests by $479 for the nine months ended September 30, 2007 and $182 for the year ended December 31, 2006 in the unaudited pro forma condensed combined statements of operations.

(11) Reflects reclassification of GLG s equity accounts to conform to Freedom s equity structure.

(12) Reflects the issuance of 171,095,007 shares of our common stock and 58,904,993 shares of Series A preferred stock, which carry only voting rights and nominal economic rights. The 171,095,007 shares of our common stock includes:

- 138,095,007 shares of our common stock; and

- 33,000,000 ordinary shares of FA Sub 1 Limited, which were subject to certain put and call rights, payable upon exercise by delivery of 33,000,000 shares of our common stock. Each of the ordinary shares issued by FA Sub 1 Limited has been put by the holder in exchange for one share of our common stock;

The exchange of FA Sub 1 Limited shares for shares of our common stock has been accounted for based on the carrying amounts of the assets and liabilities of FA Sub 1 Limited. The ownership interests of the minority shareholders are unchanged by the exchange.

(13) Reflects reduction in Principals base compensation to $3,000 per annum (plus related payroll taxes) and employment of a general counsel and a chief financial officer post-acquisition with total basic compensation and guaranteed bonus totaling $2,000 per annum (plus related payroll taxes). The

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

adjustment to income tax expense reflects the reduction in allowable deduction at U.K. corporate tax rates for the U.K. component of the Principals compensation, and an increase in the allowable deduction for the U.S. component of compensation.

(14) Freedom s historical interest income and related taxation expense has been eliminated since the cash held in Freedom were paid out to the GLG Shareowners upon consummation of the transaction. No pro forma adjustments relating to reporting, compliance and investor relations costs that GLG incurred as a public company have been made.

(15) Reflects tax effect of interest payable on borrowings at the standard U.K. corporate tax rate.

(16) Reflects cumulative quarterly cash distributions, based on our estimate of the net taxable income of FA Sub 2 Limited allocable to the holder of Exchangeable Shares of FA Sub 2 Limited multiplied by an assumed tax rate, payable to such holder. The holder of the Exchangeable Shares is entitled to a pro rata share of any dividends distributed to our stockholders as if it held an equivalent number of shares of our common stock. In accordance with ARB No. 51, Consolidated Financial Statements , paragraph 15, as losses applicable to the minority interest in FA Sub 2 Limited exceed the minority interest in the equity capital of FA Sub 2 Limited, the losses have been charged against the majority interest, as there is no obligation of the minority interest to fund the losses. Losses not shared by the minority interest holder totaled $87,149 and $142.396 for the nine months ended September 30, 2007 and the year ended December 31, 2006, respectively.

Distributions to non-controlling interests of certain GLG entities relating to the limited partner profit share arrangement have not been deducted from the numerator for the purposes of calculating pro forma basic and diluted earnings per share.

Note C. Pro Forma Earnings Per Share

The pro forma combined basic and diluted net income per share is based on the following (in thousands):

Nine Months Ended September 30, 2007 and Year Ended December 31, 2006	
Freedom shares outstanding prior to the acquisition of GLG	64,800
Shares issued in the sponsors co-investment	5,000
Shares of common stock issued in connection with the acquisition of GLG	138,095
Shares of common stock issued in exchange for ordinary shares of FA Sub 1 Limited	33,000
Pro forma basic and diluted EPS denominator	240,895

It has been assumed that the 33,000,000 ordinary shares of FA Sub 1 Limited will be acquired in exchange for 33,000,000 shares of our common stock following consummation of the acquisition of GLG.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

The number of pro forma additional shares that could potentially dilute pro forma basic earnings per share in the future that were not included in the computation of pro forma diluted earnings per share, because to do so would have been antidilutive are summarized as follows:

	Nine Months Ended September 30, 2007	Year Ended December 31, 2006
FA Sub 2 Limited Exchangeable Shares	58,904,993	58,904,993
Public Offering Warrants	52,800,000	52,800,000
Founders Warrants	12,000,003	12,000,003
Sponsors Warrants	4,500,000	4,500,000
Co-Investment Warrants	5,000,000	5,000,000
	133,204,996	133,204,996

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ORGANIZATIONAL STRUCTURE

The two principal entities operating our business are GLG Partners LP, an English limited partnership, and GLG Partners Services LP, a Cayman Islands exempted limited partnership.

The UK and Irish Group

GLG Partners LP is the investment manager of the GLG Funds and managed accounts. The general partner of GLG Partners LP is GLG Partners Limited, an English company and a wholly owned subsidiary of ours. There are three limited partners of GLG Partners LP:

GLG Holdings Limited, a British Virgin Islands company, a wholly owned subsidiary of ours.

Albacrest Corporation, a British Virgin Islands company, a wholly owned subsidiary of ours.

Laurel Heights LLP, an English limited liability partnership. The membership interests of Laurel Heights LLP are primarily held, directly or indirectly, by key personnel of GLG who participate in the limited partner profit share arrangement and, in some cases, the equity participation plan. These key personnel hold direct profits interests in Laurel Heights LLP* and those who participate in the equity participation plan also hold capital interests through Sage Summit LP, an English limited partnership, which wholly owns Liberty Peak Limited, which holds a capital interest in Laurel Heights LLP consisting of Laurel Heights LLP s capital interest in GLG Partners LP. The managing member of Laurel Heights LLP is Mount Granite Limited.

Note: The profits interests marked with an asterisk above were not acquired by us as part of the acquisition of GLG.

The limited partnership agreement of GLG Partners LP vests the management of the partnership exclusively with the general partner, including the power to allocate profits and losses among the general and limited partners and the power to make distributions to the general and limited partners, provided that no more than £25,000 may be allocated to the general partner for any fiscal year. In addition, the limited partnership agreement of GLG Partners LP provides that, among other things:

new limited partners may only be admitted with the consent of the general partner;

limited partnership interests may only be transferred with the consent of the general partner;

the general partner shall serve as general partner until its resignation, bankruptcy, dissolution or liquidation and a successor general partner may only be appointed with the consent of all the limited partners;

the limited partnership will be dissolved and wound up by the general partner upon the first to occur of (1) the written consent of the general partner and all of the limited partners and (2) the sale of all or substantially all of the assets of the limited partnership; and

the limited partnership agreement may be amended solely with the consent of the general partner.

GLG Partners Asset Management Limited, an Irish company and a wholly owned subsidiary of ours, is the manager of the GLG Funds authorized in Ireland.

The Cayman Islands Group

GLG Partners Services LP engages in marketing activities and provides investor relations services outside the United Kingdom. The general partner of GLG Partners Services LP is GLG Partners Services Limited, a Cayman Islands exempted company a wholly owned subsidiary of ours. There are four limited partners of GLG Partners Services LP:

Steven Roth, a GLG investment professional who holds a profits interest.**

Saffron Woods Corporation, a British Virgin Islands company, which is wholly owned by a trust for the benefit of Greg Coffey, a GLG investment professional, and his family, which holds a profits interest.**

Betapoint Corporation, a British Virgin Islands company, a wholly owned subsidiary of ours.

Lavender Heights LLP, a Delaware limited liability partnership. The membership interests of Lavender Heights LLP are primarily held, directly or indirectly, by key personnel of GLG who participate in the

limited partner profit share arrangement and, in some cases, the equity participation plan. These key personnel hold direct profits interests in Lavender Heights LLP** and those who participate in the equity participation plan also hold capital interests through Lavender Heights Capital LP, a Delaware limited partnership, which wholly owns Knox Pines Limited, which holds a capital interest in Lavender Heights LLP consisting of Lavender Heights LLP s capital interest in GLG Partners Services LP. The managing member of Lavender Heights LLP is Mount Garnet Limited.

Note: The profits interests marked with a double asterisk above were not acquired by us as part of the acquisition of GLG.

The limited partnership agreement of GLG Partners Services LP vests the management of the partnership exclusively with the general partner, including the power to allocate profits and losses among the general and limited partners. In addition, the limited partnership agreement of GLG Partners Services LP provides that:

new limited partners may only be admitted with the consent of the general partner;

limited partnership interest may only be transferred with the consent of the general partner;

the general partner may in its absolute and sole discretion remove, for any reason and no reason, any limited partner admitted after April 30, 2006, including Steven Roth and Saffron Woods Corporation;

the general partner shall serve as general partner until its resignation, bankruptcy, dissolution or liquidation and a successor general partner may only be appointed with the consent of all the limited partners;

the limited partnership will be dissolved and wound up by the general partner upon the first to occur of (1) the written consent of the general partner and all of the limited partners and (2) the sale of all or substantially all of the assets of the limited partnership; and

the limited partnership agreement may be amended solely with the consent of the general partner.

GLG Partners (Cayman) Limited, a Cayman Islands exempted company and a wholly owned subsidiary of ours, is the manager of GLG Funds registered in the Cayman Islands and Luxembourg. GLG Partners International (Cayman) Limited, a wholly owned subsidiary of GLG Partners (Cayman) Limited, manages unit trusts offered in Japan. GLG Partners Corporation, a wholly owned subsidiary of GLG Partners (Cayman) Limited, engages in preliminary activities preparatory to client management in the United States.

Other GLG Entities

GLG Inc., an independently owned Delaware corporation, provides research, marketing and other services to us and which we plan to acquire.

Limited Partner Profit Share Arrangement

Beginning in mid-2006, we entered into partnership with a number of our key personnel in recognition of their importance in creating and maintaining the long-term value of GLG, thereby establishing the limited partner profit share arrangement. These individuals ceased to be employees and either became direct or indirect holders of limited partnership interests in GLG or formed Laurel Heights LLP and Lavender Heights LLP through which they provide services to us. Future participants in the limited partner profit share arrangement are expected to participate as members of Laurel Heights LLP and, in certain cases, Lavender Heights LLP. Through these partnership interests, our

key personnel are entitled to partnership draws and limited partner profit distributions. New key personnel and additional existing personnel may be admitted as new members of Laurel Heights LLP and Lavender Heights LLP. In addition, current members of Laurel Heights LLP and Lavender Heights LLP who cease to provide services to us will be removed as members of Laurel Heights LLP and Lavender Heights LLP. We refer to these amounts as the limited partners profit shares . Key personnel that are participants in the limited partner profit share arrangement do not receive salaries or discretionary bonuses from us. As noted above, we did not acquire the membership interests of GLG s key personnel in Laurel Heights LLP and Lavender Heights LLP or Saffron Woods or Steven Roth s interest in GLG Partners Services LP representing this interest in the limited partner profit share arrangement. These interests will remain outstanding after the consummation of the acquisition of GLG and related transactions. The amounts distributed to Laurel Heights LLP by GLG Partners LP and to Lavender Heights

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LLP, Saffron Woods Corporation and Steven Roth by GLG Partners Services LP, on account of their respective limited partnership interests will be determined by the respective general partners of the limited partnerships, whose decisions will be controlled by our management. The amounts received by Laurel Heights LLP and Lavender Heights LLP will be distributed by them to our key personnel who are their members as limited partner profit shares in such amounts as shall be determined by their respective managing members, whose decisions were controlled by the Principals or the Trustees, as the case may be, prior to the acquisition of GLG and whose decisions have been controlled by GLG Partners, Inc. since the acquisition of GLG. Other than distributions in connection with the limited partners profit share arrangement, Laurel Heights LLP, Lavender Heights LLP, Saffron Woods and Steven Roth are not expected to receive any other distributions from GLG Partners LP or GLG Partners Services LP.

GLG Funds

The GLG Funds are structured as limited liability companies incorporated either in the Cayman Islands, Ireland or Luxembourg and each has its own, majority independent, board of directors.

The following diagram shows our corporate structure:

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Key:

Albacrest:	Albacrest Corporation
Betapoint:	Betapoint Corporation
GHL:	GLG Holdings Limited
GLGPL:	GLG Partners Limited
GPAM:	GLG Partners Asset Management Limited
GPCL:	GLG Partners (Cayman) Limited
GPICL:	GLG Partners International (Cayman) Limited
GPC:	GLG Partners Corporation
GPLP:	GLG Partners LP
GPS:	GLG Partners Services Limited
GPS LP:	GLG Partners Services LP
Knox Pines:	Knox Pines Ltd.
Laurel Heights:	Laurel Heights LLP
Lavender Heights:	Lavender Heights LLP
Liberty Peak:	Liberty Peak Ltd.
Mount Garnet:	Mount Garnet Limited
Mount Granite:	Mount Granite Limited
Saffron Woods:	Saffron Woods Corporation
Steven Roth:	a GLG key personnel

Gottesman:	Noam Gottesman and the Gottesman GLG Trust, individually and collectively
Green:	Jonathan Green and the Green GLG Trust, individually and collectively
Istithmar:	IPS V Limited, a wholly owned subsidiary of Istithmar (PJSC) and an indirect wholly owned subsidiary of Dubai World
Lagrange:	Pierre Lagrange and the Lagrange GLG Trust, individually and collectively
Lehman:	Lehman (Cayman Islands) Ltd
Roman:	Emmanuel Roman, the Roman GLG Trust, Albacrest and Betapoint, individually and collectively
Sal. Oppenheim:	FARAMIR Beteiligungs und Verwaltungs GmbH, an indirect wholly owned subsidiary of Sal. Oppenheim jr. & Cie. S.C.A.

** The Gottesman ownership interests reflect the Exchangeable Shares of FA Sub 2 Limited and the Freedom Series A preferred stock.

* Represents profits interests of participants in GLG s limited partner profit share arrangement that are not being acquired by Freedom in the acquisition.

These entities hold capital interests and discretionary profits interests in GPS LP.

This entity holds capital interests and discretionary profits interests in GPLP.

Note: The historical financial statements of GLG include GLG Holdings Inc. and GLG Inc., an independently owned dedicated research and administrative services provider, which GLG has agreed to acquire, subject to certain conditions.

The GLG Shareowners (including the Trustee for the Gottesman GLG Trust through its holdings of Exchangeable Shares and Series A preferred stock) hold common stock and common stock equivalents which collectively currently represent approximately 77% of our voting power.

The Trustee for the Gottesman GLG Trust holds 100% of the Series A preferred stock, which currently represents 19.65% of our combined voting power. The Series A preferred stock has a nominal economic interest.

We hold 100% of the ordinary shares of FA Sub 1 Limited.

FA Sub 1 Limited holds 100% of the Class A ordinary shares of FA Sub 2 Limited, and the Trustee for the Gottesman GLG Trust owns 100% of the Exchangeable Shares of FA Sub 2 Limited.

FA Sub 2 Limited holds 100% of the ordinary shares of FA Sub 3 Limited.

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INDUSTRY

Asset Management

Overview

Asset management generally involves the management of investments by third-party managers on behalf of investors. The total value of AUM worldwide was estimated to exceed $45 trillion in 2006. The asset management industry has experienced significant growth in worldwide AUM in the past ten years, fueled in significant respects by aging populations in both developed and emerging markets around the world, which have increased the pools of savings and particularly pension assets.

Asset managers employ a diverse range of strategies, which may be generally divided into two broad categories:

- traditional or long-only investment strategies; and
- alternative investment strategies.

Traditional or long-only asset management, in general, involves managing portfolios of equity, fixed income and/or derivative securities and may include funds of funds. The investment objective of these portfolios may include total return, capital appreciation, current income and/or replicating the performance of a specific index. Such portfolios may include investment companies (*e.g.*, mutual funds and exchange-traded funds) or separate accounts managed on behalf of individuals or institutions. Investors in traditional or long-only funds may have certain limitations on withdrawals or may have unrestricted access to their funds through market transactions, in the case of closed-end mutual funds and exchange traded funds, or through withdrawals, in the case of open-end mutual funds and separate managed accounts. Traditional and long-only fund managers are generally compensated with fees that are a percentage of AUM.

Alternative asset management, in general, involves a variety of investment strategies where the common element is the manager s goal of delivering investment performance on an absolute return basis within certain predefined risk parameters and investment guidelines. The universe of alternative asset managers includes hedge funds, funds of funds (*i.e.*, funds that invest in other investment funds), private equity funds, real estate funds, venture capital and mezzanine and structured debt funds.

Alternative asset management vehicles have been the fastest growing segment of the asset management industry in part because many investors have sought to diversify their investment portfolios to include alternative asset strategies and alternative asset managers have generally delivered superior returns with a lower correlation to the broader market performance than traditional asset management strategies.

Hedge Funds

Hedge funds are generally privately held or unregistered investment vehicles managed with the primary aim of delivering positive risk-adjusted returns under all market conditions. Hedge funds differ from traditional or long-only asset management vehicles in the more varied asset classes in which they may invest or the more varied strategies they employ, including arbitrage, asset-based lending, distressed securities, equity long-short, global macro and other quantitative and non-quantitative strategies. Hedge fund managers generally earn a base management fee based on the net asset value of the AUM in the fund and also typically earn performance fees based on the overall performance of the funds that they manage. Investors can invest and withdraw capital from the funds periodically in accordance with

the terms of the prospectus, offering memorandum or subscription agreement for the funds, which may include an initial period of time in which capital may not be withdrawn, allowing for withdrawals only at specified times and other limitations on withdrawals.

Historically, hedge funds have generated positive performance across a variety of market conditions with less correlation to the performance of traditional benchmarks. Hedge funds achieve this through a variety of methods, including the use of short selling, hedging or arbitrage strategies and inclusion of fixed income-related securities or derivatives in investment portfolios. As a result of employing these strategies, hedge funds

have been utilized by an increasing number of institutional asset managers as diversification instruments and, in light of the generally positive performance, have experienced significant asset inflows in recent years.

Global AUM in the hedge fund industry, as reported by HFR Industry Reports, have grown from approximately $456 billion at December 31, 1999 to an estimated $1.4 trillion at December 31, 2006, a 17.7% compound annual growth rate.

Funds of Funds

Funds of funds managers invest in a portfolio of other investment funds rather than investing directly in stocks, bonds or other securities. Funds of funds managers are predominantly associated with investments in alternative strategies such as hedge funds and private equity, but some funds of funds managers invest in portfolios of traditional funds. Funds of funds managers generally earn fees based on a percentage of net asset value of AUM in the fund and may also earn performance fees. Investor liquidity varies by manager and strategy. Funds of funds generally seek to deliver the risk/return profile of the underlying fund s asset category from a diversified group of managers.

Growth of the funds of funds business is driven by the increasing interest in the underlying alternative strategies of hedge funds and private equity, and by many investors preference for investing in alternative investments on a broadly diversified basis. Funds of funds help investors reduce risk by limiting exposure to single managers and by closely monitoring manager performance and making allocation decisions. Commitments to funds of funds vehicles have increased substantially over the past several years.

According to HFR Industry Reports, total assets invested in funds of funds have grown from $76 billion at the end of 1999 to $547 billion at the end of 2006, representing a 32.6% compound annual growth rate.

Industry Trends

The following factors are expected to influence the alternative asset management industry s growth:

Growing investor interest in absolute return products

Prior to the late 1990s, investor interest in absolute return products was relatively limited. However, following the downturn in global equity indices between 2000 and 2002, a broader range of investors became attracted to products targeting absolute rather than relative returns, driving strong inflows into the hedge fund industry.

As interest in absolute return products has increased, institutions have also become interested in methods of applying absolute-style strategies across the large proportions of their portfolios which are not allocated to alternative investments such as hedge funds. This trend is creating demand for a new style of long-only asset management product, which builds on the tools and techniques used by hedge fund managers to enhance risk-adjusted returns in a fund format acceptable to regulators and investors who do not wish to or who are restricted from investing in funds that take short positions or make substantial use of leverage or derivatives.

The opening up of third-party distribution channels

In the 1990s, the distribution of asset management products was dominated by large asset management firms distributing their own proprietary funds through in-house distribution channels. The increasing focus on manager performance, rather than brand or product range, as a differentiating factor has resulted in many major distributors adopting an open architecture strategy, distributing third-party products alongside their own in-house funds. This strategic shift is beginning to take hold in previously closed markets, to the benefit of independent, high performing

managers lacking significant internal distribution capabilities.

Increasing portfolio allocations from institutional investors

Based on their relative share of new investment flows, alternative asset management strategies have gained market share from traditional asset management strategies and are expected to continue to do so.

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According to McKinsey & Company, the percentage of net new investment flows into alternative asset classes has grown from 7% to 22% between 2001 and 2005. Hedge funds alone are reported by McKinsey & Company to have received approximately 40% to 50% of these flows during 2005.

Much of the recent growth in the alternative investment industry can be attributed to investments by a growing community of individual and institutional investors seeking alternative asset management strategies as a means to obtain diversification improving the risk adjusted return profile of their portfolios. Despite the rapid expansion in institutional inflows, alternative asset management strategies still account for a relatively small portion of total institutional assets, which in turn implies significant opportunity for continued growth. Among hedge funds, for example, Casey, Quirk & Associates reported that global institutional holdings are expected to grow from approximately $360 billion in October 2006 to over $1 trillion by 2010. Likewise, global hedge fund allocations, in the aggregate, are expected to rise to 3.5% of overall institutional assets by 2010 from 2% in October 2006. The increased role of institutional investors has resulted in increased professionalism in the industry and a greater focus on risk management and investment operations.

Increasing demand for transparency and controls from the largest institutional investors has created an opportunity for the largest, most established and developed alternative asset managers

Institutional investors are attracted to larger funds with well established track records, systems, operations and advanced risk management capabilities. The institutionalization of the alternative asset management industry is driving alternative asset managers to develop more robust infrastructures, as large institutional investors require greater transparency and robust risk management systems. Managers controlling larger pools of assets typically manage multiple funds with various strategies and, in the case of hedge funds, may have the ability to allocate capital among strategies in a dynamic fashion based on market conditions. As a result, the number of managers controlling larger pools of assets in the hedge fund sector has increased in recent years.

Regulatory developments have expanded the market for alternative investments

The interest among investors for the opportunity to invest in alternative asset classes has grown over recent years and partly in response to this the European Union has sought to make the regulatory regime in the European Union more flexible. Investment funds which qualify under the European Communities (Undertakings for Collective Investment in Transferable Securities) Directive 1985, which we refer to as the UCITS Directive, are, in principle, entitled to market themselves to the public in any member state of the European Union by virtue of being appropriately authorized in a single member state of the European Union, subject to making relevant notifications in the host member state. These funds, referred to as UCITS Funds, are subject to comprehensive investment restrictions, including anti-concentration limits, prohibitions on investing in certain asset classes (such as real estate and derivatives) and limits on borrowing.

The UCITS Directive has been amended by the UCITS Management Directive 2001 and the UCITS Product Directive 2001 (collectively, referred to as UCITS III) which was due to have been in force in all member states of the European Union by February 2004. UCITS III widens the range of investments in which a UCITS Fund may invest to include investments such as financial derivative instruments and money market instruments, allows a UCITS Fund to make greater use of leverage and aims to provide an enhanced investor protection regime. Effective February 2007, all UCITS Funds must comply with UCITS III.

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OUR BUSINESS

Business

Overview

We are the largest independent alternative asset manager in Europe and the eleventh largest globally, offering our base of long-standing prestigious clients a diverse range of investment products and account management services. Our focus is on preserving clients capital and achieving consistent, superior absolute returns with low volatility and low correlations to both the equity and fixed income markets. Since our inception in 1995, we have built on the roots of our founders in the private wealth management industry to develop into one of the world s largest and most recognized alternative investment managers, while maintaining our tradition of client-focused product development and customer service.

($ BN)

We use a multi-strategy approach, offering approximately 40 funds across equity, credit, convertible and emerging markets products. We have achieved strong and sustained absolute returns in both alternative and long-only strategies. As of September 30, 2007, our gross AUM (including assets invested from other GLG Funds) were approximately $23.6 billion, up from approximately $3.9 billion as of December 31, 2001, representing a compound annual growth rate, or CAGR, of 37%. As of September 30, 2007, our net AUM (net of assets invested from other GLG Funds) were approximately $20.5 billion, up from approximately $3.9 billion as of December 31, 2001, representing a CAGR of 33%. We have achieved an approximately 16.8% dollar-weighted compound net annual return on our alternatives strategies since our first fund launch in 1997. The chart above sets forth the growth of our gross and net AUM since 2001. During the three months ended September 30, 2007, on a dollar-weighted basis, the net returns of the GLG Funds decreased less than 0.5% and managed account inflows and gross fund-based inflows of AUM (net of redemptions) exceeded $1.7 billion.

We have built an experienced and highly-regarded investment management team of 95 investment professionals and supporting staff of 205 personnel, based primarily in London, representing decades of experience in the alternative asset management industry. This deep team of talented and dedicated professionals includes a significant number of people who have worked with us since before 2000. In addition, we receive dedicated research and administrative services from GLG Inc., an independently owned entity with 27 personnel in New York, which GLG Partners LP agreed in June 2007 to acquire, subject to certain conditions. We have been designated by GLG Partners LP as the purchaser of GLG Inc., and we expect to complete the acquisition of GLG Inc. in 2008. For purposes of this prospectus, personnel refers to our employees and the individuals who are members of Laurel Heights LLP and Lavender Heights LLP and who provide services to us through these entities.

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We have built a highly scalable investment platform, infrastructure and support system, which represents a combination of world-class investment talent, cutting-edge technology and rigorous risk management and controls.

We manage a portfolio of approximately 40 funds, comprising both alternative and long-only strategies. The charts below summarize the diversity of our overa