

Freedom Acquisition Holdings, Inc.

Form 10-Q

October 19, 2007

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-33217

Freedom Acquisition Holdings, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

20-5009693

(State or other jurisdiction of incorporation)

(IRS Employer Identification Number)

1114 Avenue of the Americas, 41st Floor

New York, New York 10036

(Address of principal executive offices)

(212) 380-2230

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

☐ Large accelerated filer

☐ Accelerated filer

☒ Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). x Yes o No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of common stock outstanding as of October 15, 2007 was 64,800,003.

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements.

UNAUDITED CONDENSED BALANCE SHEETS

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

Notes to Condensed Financial Statements

ITEM. 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Business Combination with GLG Partners

Off-Balance Sheet Arrangements

Liquidity and Capital Resources

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk.

ITEM 4. Controls and Procedures.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings.

ITEM 1A. Risk Factors.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

ITEM 3. Defaults upon Senior Securities.

ITEM 4. Submission of Matters to a Vote of the Security Holders.

ITEM 5. Other Information.

ITEM 6. Exhibits.

SIGNATURES

Ex-31.1 Section 302 Certificate of CEO

Ex-32.1 Section 906 Certification of CEO

Table of Contents

Forward-Looking Statements

This report, and the information incorporated by reference in it, include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (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, plan, possible, potential, predict, project, should, would and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained or incorporated by reference in this report 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:

our ability to complete a combination with one or more target businesses, including the acquisition of GLG Partners Limited;

our success in retaining or recruiting, or changes required in, our management or directors following a business combination;

our potential inability to obtain additional financing to complete the acquisition of GLG;

our limited pool of prospective target businesses, including if the acquisition fails to close;

the change in control of Freedom once the acquisition is consummated;

public securities limited liquidity and trading;

the delisting of our securities from the American Stock Exchange or an inability to have our securities listed on the American Stock Exchange, the New York Stock Exchange or another exchange following the consummation of the acquisition;

use of proceeds not in trust or available to us from interest income on the trust account balance; or

financial performance.

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.

References in this report to we, us or our company refer to Freedom Acquisition Holdings, Inc. References to public stockholders refer to purchasers of our securities by persons other than our founders in, or subsequent to, our initial public offering.

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. Financial Statements.**

FREEDOM ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)
UNAUDITED CONDENSED BALANCE SHEETS

	September 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash	\$ 1,779,467	\$ 599,369
Prepaid expenses	21,284	
Total current assets	1,800,751	599,369
Other assets		
Deferred tax assets	190,598	
Deferred transaction costs	3,572,219	
Cash held in trust account	519,141,551	466,707,382
Total assets	\$ 524,705,119	\$ 467,306,751
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accrued expenses	\$ 1,785,287	\$ 250
Accrued offering costs		250,483
Income taxes payable		127,355
Franchise tax payable	67,605	93,575
Notes payable, founding stockholders		250,000
Total current liabilities	1,852,892	721,663
Long-term liabilities		
Deferred underwriters fee	17,952,000	16,320,000
Common stock, subject to possible redemption, 10,554,720, and 9,595,200 shares at September 30, 2007 and December 31, 2006, respectively, at redemption value	102,572,088	93,247,353
Deferred interest income related to common stock subject to possible redemption	1,309,255	
Total Liabilities	\$ 123,686,235	\$ 110,289,016

Stockholders' equity

Preferred stock, \$.0001 par value; 1,000,000 shares authorized; none issued

Common stock, \$.0001 par value, 200,000,000 shares authorized;

64,800,003 shares issued and outstanding (including 10,554,720 shares

subject to possible redemption) at September 30, 2007 and 60,000,003

shares issued and outstanding (including 9,595,200 shares subject to

possible redemption) at December 31, 2006

Additional paid-in capital

6,480	6,000
392,126,827	356,842,491

Income accumulated during the development stage

8,885,577	169,244
-----------	---------

Total stockholders' equity

\$ 401,018,884	\$ 357,017,735
----------------	----------------

Total liabilities and stockholders' equity

\$ 524,705,119	\$ 467,306,751
----------------	----------------

See accompanying notes to condensed financial statements.

Table of Contents

FREEDOM ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30, 2007	For the Nine Months Ended September 30, 2007	Period from June 8, 2006 (inception) to September 30, 2006	Period from June 8, 2006 (inception) to September 30, 2007
Interest income	\$ 6,490,513	\$ 19,242,126	\$ 2,371	\$ 19,632,700
Formation and operating costs	191,046	553,507	250	647,482
Income before provision for income taxes	6,299,467	18,688,619	2,121	18,985,218
Provision for income taxes	3,148,723	8,663,031		8,790,386
Net income	3,150,744	10,025,588	2,121	10,194,832
Interest income related to common stock subject to possible redemption	473,589	(1,309,255)		(1,309,255)
Net income allocable to common stockholders not subject to possible redemption	\$ 3,624,333	\$ 8,716,333	\$ 2,121	\$ 8,885,577
Weighted average shares outstanding, basic	64,800,003	64,395,607		42,162,842
Net income per common share, basic	\$.05	\$.16		\$.24
Weighted average shares outstanding, diluted	83,067,305	82,542,046		52,645,741
Net income per common share, diluted	\$.04	\$.12		\$.19

See accompanying notes to condensed financial statements.

Table of Contents

FREEDOM ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30, 2007	Period from June 8, 2006 (inception) to September 30, 2006	Period from June 8, 2006 (inception) to September 30, 2007
Cash Flows from Operating Activities			
Net income	\$ 10,025,588	\$ 2,121	\$ 10,194,832
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Deferred tax benefit	(190,598)		(190,598)
Changes in operating assets and liabilities			
Increase in prepaid expenses	(21,284)		(21,284)
Decrease in income taxes payable	(127,355)		
Increase (decrease) in franchise tax payable	(25,970)		67,605
Increase in deferred offering costs		(50,000)	
Increase in accrued expenses	96,641	250	96,891
Net cash provided by (used in) operating activities	9,757,022	(47,629)	10,147,446
Net Cash Flows from Investing Activities			
Payments for deferred transaction costs	(1,883,823)		(1,883,823)
Cash held in trust account	(52,434,169)		(519,141,551)
Net cash used in investing activities	(54,317,992)		(521,025,374)
Cash Flows from Financing Activities			
Proceeds from notes payable, stockholders		250,000	250,000
Proceeds from issuance of founders' units		25,000	25,000
Gross proceeds of public offering	48,000,000		528,000,000
Proceeds from issuance of sponsors' warrants in private placement			4,500,000
Principal payments made on notes payable, stockholders	(250,000)		(250,000)
Payments for underwriter's discount and offering costs	(2,008,932)		(19,867,605)
Net cash provided by financing activities	45,741,068	275,000	512,657,395
Net increase in cash	1,180,098	227,371	1,779,467
Cash at beginning of the period	599,369		

Cash at end of the period	\$	1,779,467	\$	227,371	\$	1,779,467
---------------------------	----	-----------	----	---------	----	-----------

Supplemental disclosure of cash flow information:

Cash paid for income taxes	\$	8,980,984		\$	8,980,984
----------------------------	----	-----------	--	----	-----------

Supplemental schedule of non-cash investing and financing activities:

Accrual of deferred transaction costs	\$	1,688,396		\$	1,688,396
Deferred underwriters fees	\$	1,632,000		\$	17,952,000

See accompanying notes to condensed financial statements.

Table of Contents

Freedom Acquisition Holdings, Inc.
(a corporation in the development stage)
Notes to Condensed Financial Statements

NOTE A DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS AND BASIS OF PRESENTATION

Freedom Acquisition Holdings, Inc. (a corporation in the development stage) (the Company) was incorporated in Delaware on June 8, 2006. The Company was formed to acquire an operating business through a merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination. The Company has neither engaged in any operations nor generated operating revenue to date. The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards (SFAS) No. 7, *Accounting and Reporting By Development Stage Enterprises*, and is subject to the risks associated with activities of development stage companies. The Company has selected December 31st as its fiscal year end.

On June 19, 2007, Freedom Acquisition Holdings, Inc. incorporated three wholly-owned subsidiaries, FA Sub 1 Limited, FA Sub 2 Limited and FA Sub 3 Limited. As of September 30, 2007, there are no assets or liabilities and there were no activities in any of the subsidiaries. On a going forward basis, the Company's financial statements will be consolidated with the three subsidiaries.

The accompanying unaudited condensed financial statements have been prepared by the Company and reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position as of September 30, 2007 and the financial results for the three months and nine months ended September 30, 2007 and the periods from June 8, 2006 (date of inception) to September 30, 2006 and from June 8, 2006 (date of inception) to September 30, 2007, in accordance with accounting principles generally accepted in the United States of America for interim financial statements and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in the Company's annual audited financial statements have been condensed or omitted pursuant to such rules and regulations. The condensed balance sheet as of December 31, 2006, as presented herein, was derived from the Company's audited financial statements but does not include all disclosures required by generally accepted accounting principles.

The results of operations for the three months and nine months ended September 30, 2007 and the periods from June 8, 2006 (date of inception) to September 30, 2006 and from June 8, 2006 (date of inception) to September 30, 2007 are not necessarily indicative of the results of operations to be expected for a full fiscal year. These interim unaudited condensed financial statements should be read in conjunction with the financial statements for the period from June 8, 2006 (date of inception) to December 31, 2006, which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The registration statement for the Company's initial public offering (Offering) was declared effective on December 21, 2006. The Company consummated the Offering on December 28, 2006 and the underwriters for the Offering (the Underwriters) exercised a portion of their over-allotment option on January 19, 2007 (Note B). The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering and the over-allotment option exercise, although substantially all of the net proceeds of the Offering and the over-allotment option exercise are intended to be applied toward consummating a business combination with (or acquisition of) an operating business (Business Combination). There is no assurance that the Company will be able to successfully affect a Business Combination. Upon the consummation of the Offering, approximately 96% of the gross proceeds, after payment of certain amounts to the Underwriters, was placed in a trust account (Trust Account) and invested in either short-term securities issued or guaranteed by the United States having a rating in the

Table of Contents

highest investment category granted thereby by a recognized credit rating agency at the time of acquisition or short-term tax exempt municipal bonds issued by governmental entities located within the United States and otherwise meeting the condition under Rule 2a-7 promulgated under the Investment Company Act of 1940. The proceeds will be held in the Trust Account until the earlier of (i) the consummation of the Company's initial Business Combination or (ii) the Company's dissolution and liquidation of the Trust Account as described below. The remaining proceeds may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company will submit the Acquisition (as defined below in Note F) for stockholder approval. In the event that 20% or more of the Company's outstanding common stock, par value \$0.0001 per share (the "Common Stock") (excluding, for this purpose, those shares of Common Stock issued prior to the Offering) vote against the Acquisition and exercise their redemption rights described below, the Acquisition will not be consummated.

Stockholders other than the Founders (as defined below) ("Public Stockholders") voting against a Business Combination will be entitled to redeem their Common Stock for a cash amount equal to a pro rata share of the Trust Account (including the additional fee of 3.4% of the gross proceeds payable to the Underwriters upon the Company's consummation of a Business Combination), including any interest earned (net of taxes payable and the amount distributed to the Company to fund its working capital requirements) on their pro rata share, if the Business Combination is approved and consummated. However, voting against the Business Combination alone will not result in an election to exercise a stockholder's redemption rights. A stockholder must also affirmatively exercise such redemption rights at or prior to the time the Business Combination is voted upon by the stockholders. Each of the Company's stockholders prior to the Offering (collectively, the "Founders"), including all of the directors of the Company, have agreed to vote its respective shares of Common Stock in accordance with the majority of the shares of Common Stock voted by the Public Stockholders. Accordingly, Public Stockholders holding approximately 19.99% of the aggregate number of shares owned by all Public Stockholders may seek redemption of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by the Founders. Accordingly, a portion of the net proceeds from the Offering (approximately 19.99% of the amount held in the Trust Account) has been classified as Common Stock subject to possible redemption and approximately 19.99% of the related interest earned on the Trust Account, net of income taxes and net of \$3.9 million to fund the Company's working capital requirements, has been classified as deferred interest in the accompanying unaudited condensed balance sheets.

In the event that the Company does not consummate a Business Combination within 18 months from the date of the consummation of the Offering, or 24 months from the consummation of the Offering if certain extension criteria have been satisfied, the proceeds held in the Trust Account will be distributed to the Company's stockholders, excluding the Founders, to the extent of their initial stock holdings. In the event of such distribution, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per Unit in the Offering (assuming no value is attributed to the Warrants contained in the Units offered in the Offering discussed in Note B).

NOTE B INITIAL PUBLIC OFFERING AND OVER-ALLOTMENT OPTION EXERCISE

On December 28, 2006, the Company sold 48,000,000 units ("Units") at a price of \$10.00 per Unit in the Offering. Each Unit consists of one share of Common Stock and one warrant ("Warrant"). Each Warrant entitles the holder to purchase one share of Common Stock at a price of \$7.50 commencing on the later of the Company's consummation of a Business Combination or December 21, 2007, provided in each case that there is an effective registration statement covering the shares of Common Stock underlying the Warrants in effect. The Warrants will be redeemable at a price of \$0.01 per Warrant upon 30 days prior

Table of Contents

notice after the Warrants become exercisable, subject to the condition that the last sale price of the Common Stock is at least \$14.25 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. If the Company is unable to deliver registered shares of Common Stock to the holder upon exercise of the Warrants during the exercise period, there will be no cash settlement of the Warrants and the Warrants will expire worthless.

On January 24, 2007, the Underwriters purchased an additional 4,800,000 Units pursuant to their over-allotment option. The net proceeds of \$46,272,000 (including \$1,632,000 of deferred underwriters' fees) from the exercise by the Underwriters of their over-allotment option were deposited into the Trust Account.

NOTE C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net income per common share:

Income per common share is based on the weighted average number of common shares outstanding. The Company complies with SFAS No. 128, *Earnings Per Share*, which requires dual presentation of basic and diluted earnings per share on the face of the statement of operations. Basic income per share excludes dilution and is computed by dividing income available to holders of Common Stock by the weighted-average common shares outstanding for the period. Diluted income per share reflects the potential dilution that could occur if Warrants were to be exercised or otherwise resulted in the issuance of Common Stock that then shared in the earnings of the Company.

Deferred transaction costs:

Deferred transaction costs consist principally of accounting, legal and other fees incurred through the balance sheet date that are related to the proposed acquisition discussed in Note F. Deferred transaction costs related to the proposed acquisition will be charged to expense if the acquisition is not consummated or included in the allocation of purchase price should the transaction be consummated.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income tax:

The Company complies with SFAS No. 109, *Accounting for Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Effective January 1, 2007, the Company adopted the provisions of the Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*—an interpretation of FASB Statement No. 109 (FIN 48). There were no unrecognized tax benefits as of January 1, 2007 and as of September 30, 2007. FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be

Table of Contents

sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at January 1, 2007. There was no material change to this balance at September 30, 2007. The Company is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position. The adoption of the provisions of FIN 48 did not have a material impact on the Company's financial position, results of operations and cash flows.

Recently Issued Accounting Pronouncements:

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

NOTE D COMMITMENT

The Company paid an underwriting discount of 3.6% of the public Unit offering price to the Underwriters at the closing of the Offering, with an additional 3.4% fee of the gross Offering proceeds payable upon the Company's consummation of a Business Combination. This additional 3.4% fee, or \$17,952,000 and \$16,320,000 at September 30, 2007 and December 31, 2006, respectively, is reflected as a liability in the accompanying unaudited condensed balance sheets.

NOTE E RELATED PARTY TRANSACTIONS

The Company issued two \$125,000 unsecured promissory notes, one each, to Berggruen Holdings North America Ltd. and Marlin Equities II, LLC. These advances were non-interest bearing and due within 60 days following the consummation of the Offering. Both notes were repaid on January 23, 2007 out of the proceeds of the Offering not placed in the Trust Account and from interest the Company received on the balance of the Trust Account.

The Company presently occupies office space provided by Berggruen Holdings, Inc., an affiliate of the Company's president, chief executive officer and director, Nicolas Berggruen. The Company agreed to pay Berggruen Holdings, Inc. a total of \$10,000 per month for office space, administrative services and secretarial support until the earlier of its consummation of a Business Combination or its liquidation.

In addition, Berggruen Holdings and Marlin Equities, collectively have agreed to purchase 5,000,000 Units at a price of \$10 per Unit (an aggregate purchase price of \$50,000,000) from the Company in a private placement that will occur immediately prior to the Company's consummation of a Business Combination. These Units will be identical to the Units sold in the Offering. Subject to certain limited exceptions, each of Berggruen Holdings and Marlin Equities has also agreed that these Units will not be sold, transferred, or assigned until at least one year after the completion of the Business Combination.

NOTE F PURCHASE AGREEMENT

On June 22, 2007, Freedom and certain of its wholly-owned subsidiaries entered into a Purchase Agreement with the equity holders of GLG Partners Limited and certain affiliated entities (collectively, "GLG") under which Freedom will purchase 100% of the ownership interests in GLG for cash and shares of Freedom and a Freedom subsidiary (the "Acquisition"). The Acquisition is subject to a number of conditions including a vote of the shareholders of Freedom, certain financing being obtained and all applicable regulatory approvals being obtained. Because the GLG shareholders will own approximately 77% of the voting interests of Freedom immediately following the consummation of the Acquisition, the Acquisition will be considered to be a reverse acquisition and recapitalization for accounting purposes. Under this method of accounting, GLG will be treated as the acquiring company and the Acquisition will be treated as the equivalent of GLG issuing stock for the net monetary assets of Freedom accompanied by a recapitalization of GLG. The net monetary assets of Freedom, primarily cash, will be stated at their fair value, which will be equivalent to the carrying value, and accordingly no goodwill or other intangible assets will be recorded. A final determination of the estimated fair values will be based on the actual net monetary assets acquired as of the date of completion of the Acquisition.

NOTE G SUBSEQUENT EVENT

On October 11, 2007, the Company filed a Definitive Proxy Statement with the SEC in connection with a special meeting of its stockholders that will be held on October 31, 2007, to consider and vote upon, among other things, a proposal to approve the acquisition by Freedom of GLG Partners. For a more complete discussion of the Company's proposed acquisition, including the risks that are applicable to us with respect to our acquisition of GLG Entities,

please see our Definitive Proxy Statement.

Table of Contents

At the closing and subject to Board of Director approval to increase the number of authorized stock (which has subsequently been obtained) and certain adjustments as described below, the Company will pay the equity holders of GLG, for all of outstanding equity interests of GLG, the aggregate purchase price consisting of:

\$1.0 billion, to be allocated between cash and loan notes if certain equity holders elect to receive such notes in lieu of all or a portion of the cash consideration to such person;

230,000,000 shares of Common Stock and Common Stock equivalents, which include:

138,095,007 shares of Common Stock;

58,904,993 exchangeable Class B ordinary shares of its subsidiary, FA Sub 2 Limited, which are exchangeable for 58,904,993 shares of Common Stock; and

33,000,000 ordinary shares of its subsidiary, FA Sub 1 Limited, which are subject to certain put rights to the Company and call rights by the Company, payable upon exercise by delivery of 33,000,000 shares of Common Stock; and

58,904,993 shares of the Company's Series A voting preferred stock, which carry only voting rights and nominal economic rights.

After the closing, the aggregate purchase price paid to GLG will be subject to a possible adjustment on a dollar-for-dollar basis, to the extent the net cash amount of GLG as of the closing date is higher or lower than a specified baseline amount on each of the following adjustment dates: (1) 10 business days after the closing, (2) January 31, 2008, and (3) 10 business days after receipt by the Company of the audited financial statements of GLG for fiscal year 2007.

Table of Contents

ITEM. 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
Overview

We were formed on June 8, 2006, to effect a merger, stock exchange, asset acquisition, reorganization or similar business combination with an operating business or businesses which we believe have significant growth potential. We consummated our initial public offering on December 28, 2006.

We have neither engaged in any operations nor generated any revenues from operations to date. Our entire activity since inception has been to prepare for and consummate our initial public offering and to identify and investigate targets for a business combination. We will not generate any operating revenues until consummation of a business combination. We will generate non-operating income in the form of interest income on cash and cash equivalents.

Net income for the period from June 8, 2006 (inception) to September 30, 2007 was \$10.2 million, which consisted of \$19.6 million in interest income partially offset by \$0.6 million in formation and operating expenses and \$8.8 million in income taxes. Net income for the nine months ended September 30, 2007 was \$10.0 million, which consisted of \$19.2 million in interest income partially offset by \$0.5 million in formation and operating expenses and \$8.7 million in income taxes. The trustee of the trust account will pay any taxes resulting from interest accrued on the funds held in the trust account out of the funds held in the trust account.

Business Combination with GLG Partners

On June 22, 2007, we entered into a purchase agreement pursuant to which, through three wholly-owned subsidiaries, we have agreed to acquire, directly or indirectly (the "Acquisition"), GLG Partners Limited, GLG Holdings Limited, Mount Granite Limited, Albacrest Corporation, Liberty Peak Limited, GLG Partners Services Limited, Mount Garnet Limited, Betapoint Corporation, Knox Pines Limited, GLG Partners (Cayman) Limited ("GPCL") and GLG Partners Asset Management Limited (each, a "GLG Entity" and collectively, the "GLG Entities"). The term "GLG" refers to the combined business and operations of the GLG Entities and their subsidiaries and affiliates, including GLG Partners LP and GLG Partners Services LP, Laurel Heights LLP and Lavender Heights LLP. The Acquisition will be accounted for as a reverse acquisition, with GLG as the acquiring party and Freedom as the acquired party. The combined company will be renamed GLG Partners, Inc.

At the closing and subject to certain adjustments as described below, we will pay the equity holders of the GLG Entities, for all of outstanding equity interests of the GLG Entities, the aggregate purchase price consisting of:

\$1.0 billion, to be allocated between cash and loan notes if certain equity holders elect to receive such notes in lieu of all or a portion of the cash consideration to such person;

230,000,000 shares of our common stock and common stock equivalents, which include:

138,095,007 shares of our common stock;

58,904,993 exchangeable Class B ordinary shares of our subsidiary, FA Sub 2 Limited, which are exchangeable for 58,904,993 shares of our common stock; and

Table of Contents

33,000,000 ordinary shares of our subsidiary, FA Sub 1 Limited, which are subject to certain put rights to us and call rights by us, payable upon exercise by delivery of 33,000,000 shares of our common stock; and

58,904,993 shares of our Series A voting preferred stock, which carry only voting rights and nominal economic rights.

After the closing, the aggregate purchase price paid to the GLG Group will be subject to a possible adjustment on a dollar-for-dollar basis, to the extent the net cash amount of the GLG Entities as of the closing date is higher or lower than a specified baseline amount on each of the following adjustment dates: (1) 10 business days after the closing, (2) January 31, 2008, and (3) 10 business days after receipt by us of the audited financial statements of GLG for fiscal year 2007.

On October 11, 2007 we filed a Definitive Proxy Statement with the SEC in connection with a special meeting of our stockholders that will be held on October 31, 2007 to consider and vote upon, among other things, a proposal to approve the acquisition by Freedom of GLG Partners. For a more complete discussion of our proposed acquisition, including the risks that are applicable to us with respect to our acquisition of GLG Entities, please see our Definitive Proxy Statement.

Off-Balance Sheet Arrangements

We have never entered into any off-balance sheet financing arrangements and have never established any special purpose entities. We have not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Liquidity and Capital Resources

The net proceeds from (i) the sale of 52,800,000 units in our initial public offering (including the underwriters over-allotment option), after deducting approximately \$19.9 million to be applied to underwriting discounts, offering expenses and working capital and approximately \$18.0 million of deferred underwriting discounts and (ii) the sale of 4,500,000 warrants to our sponsors for a purchase price of \$4.5 million, was approximately \$512.6 million. All of these net proceeds were placed in trust, except for \$900,000 that was used for working capital.

Subject to our stockholders' approval of the Acquisition, we will use substantially all of the net proceeds of our initial public offering to acquire the GLG Entities, including structuring, negotiating and consummating the acquisition. If any amounts remain in the trust account following the consummation of the transaction and the payment for any redemption election shares, we may apply the balance of the trust account for general corporate purposes, including for maintenance or expansion of operations of the acquired business or businesses, the payment of principal or interest due on indebtedness incurred in consummating our initial business combination, to fund the purchase of other companies, or for working capital.

At September 30, 2007, we had cash outside of the trust account of \$1.8 million, cash held in the trust account of \$519.1 million, accrued expenses of \$1.8 million and total liabilities of \$123.7 million (which includes \$102.6 million of common stock which is subject to possible redemption, \$1.3 million of deferred interest thereon and \$18.0 million of deferred underwriting discounts). We believe that the funds available to us outside of the trust account will be sufficient to allow us to operate until December 28, 2008, assuming that an initial transaction is not consummated during that time. Of the funds held outside of the trust account, we anticipate using these funds to cover the due diligence and investigation of a target business or businesses; legal, accounting and other expenses associated with structuring, negotiating and documenting an initial business combination; office space, administrative services and secretarial support prior to consummating a business combination.

Table of Contents

On August 22, 2007 and September 13, 2007, at our instruction, the trustee transferred \$5.7 million and \$3.1 million, respectively, of interest earned on the trust account into our operating cash account to fund due and owing tax payments.

If the funds available to us outside of the trust account are insufficient to cover our expenses, we may be required to raise additional capital, the amount, availability and cost of which is currently unascertainable. In this event, we could seek such additional capital through loans or additional investments from our sponsors or our directors, but, except for the \$50.0 million co-investment by Berggruen Holdings and Marlin Equities that will occur immediately prior to our consummation of a business combination, none of such sponsors or our directors is under any obligation to advance funds to, or invest in, us. Any such interest income not used to fund our working capital requirements or repay advances from our founders or for due diligence or legal, accounting and non-due diligence expenses will be usable by us to pay other expenses that may exceed our current estimates. We will have sufficient funds in the trust account (after giving effect to the co-investment and the payment of the cash purchase price of the acquisition) to pay the redemption price for the redemption election shares, even if we must redeem 19.99% of the shares of common stock issued in our initial public offering.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. \$512.6 million of the net offering proceeds (which includes \$18.0 million of the proceeds attributable to the underwriters' discount) has been placed into a trust account at Smith Barney maintained by Continental Stock Transfer & Trust Company, acting as trustee. As of September 30, 2007, the balance of the trust account was \$519.1 million. The proceeds held in trust will only be invested in U.S. government securities, defined as any Treasury Bill issued by the United States having a maturity of 180 days or less. Thus, we are subject to market risk primarily through the effect of changes in interest rates on government securities. The effect of other changes, such as foreign exchange rates, commodity prices and/or equity prices, does not pose significant market risk to us. As of September 30, 2007, the effective annualized interest rate payable on our investment was approximately 4.9%. Assuming no other changes to our holdings as of September 30, 2007, a 1 % decrease in the yield on our investment as of September 30, 2007 would result in a decrease of approximately \$1.3 million in the interest earned on our investment for the following quarterly period. We have not engaged in any hedging activities since our inception. We do not expect to engage in any hedging activities with respect to the market risk to which we are exposed.

ITEM 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

We evaluated the effectiveness of our disclosure controls and procedures, as defined in the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Nicolas Berggruen, our Chief Executive Officer, participated in this evaluation. Based upon that evaluation, Mr. Berggruen concluded that our disclosure controls and procedures were effective as of the end of the period covered by the report.

(b) Changes in Internal Controls over Financial Reporting

As a result of the evaluation completed by Mr. Berggruen, we have concluded that there were no changes during the fiscal quarter ended September 30, 2007 in our internal controls over financial reporting, which have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Table of Contents

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings.

None.

ITEM 1A. Risk Factors.

Other than the Risk Factors disclosed in our Definitive Proxy Statement filed with the SEC on October 11, 2007, which are incorporated herein by reference, there have been no material changes in our risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2006.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

On July 20, 2006, (i) Berggruen Holdings North America Ltd., which we refer to as Berggruen Holdings, purchased 5,923,200 of our units for an aggregate purchase price of \$12,340 in a private placement, (ii) Marlin Equities II, LLC, which we refer to as Marlin Equities, purchased 5,923,200 of our units for an aggregate purchase price of \$12,340 in a private placement, (iii) Herbert A. Morey, one of our directors, purchased 51,201 of our units for an aggregate purchase price of \$107 in a private placement, (iv) William P. Lauder, one of our directors, purchased 51,201 of our units for an aggregate purchase price of \$107 in a private placement and (v) James N. Hauslein, one of directors, purchased 51,201 of our units for an aggregate purchase price of \$107 in a private placement. Each unit consists of one share of common stock and one warrant. The warrants expire on December 21, 2011, unless earlier redeemed. Each warrant entitles the holder to purchase one share of our common stock at a price of \$7.50 commencing on the later of our consummation of a business combination or December 21, 2007, provided in each case that there is an effective registration statement covering the shares of common stock underlying the warrants in effect.

On July 20, 2006, (i) Berggruen Holdings agreed to purchase 2,250,000 of our warrants at a price of \$1.00 per warrant and (ii) Marlin Equities agreed to purchase 2,250,000 of our warrants at a price of \$1.00 per warrant. Each of Berggruen Holdings and Marlin Equities purchased such warrants from us immediately prior to the consummation of our initial public offering.

On July 20, 2006, (i) Berggruen Holdings agreed to purchase 2,500,000 of our units for an aggregate purchase price of \$25.0 million at a price of \$10.00 per unit and (ii) Marlin Equities agreed to purchase 2,500,000 of our units for an aggregate purchase price of \$25.0 million at a price of \$10.00 per unit. Each of Berggruen Holdings and Marlin Equities is obligated to purchase such units from us immediately prior to our consummation of a business combination.

All information in this Item 2 has been adjusted to reflect (i) a four-fifths (4/5) reverse stock split that was effected on November 29, 2006, (ii) a 1-for-3 stock dividend that was effected on December 14, 2006 and (iii) a 1-for-5 stock dividend that was effected on December 21, 2006. The sales of the above securities were deemed to be exempt from registration under the Securities Act of 1933, as amended, in reliance on Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. In each such transaction, the purchaser represented its intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the instruments representing such securities issued in such transactions.

Table of Contents

Use of Proceeds from Initial Public Offering

A registration statement for our initial public offering was declared effective on December 21, 2006. The registration statement related to a proposed maximum aggregate offering of 46,000,000 Units (consisting of 46,000,000 shares of Common Stock and 46,000,000 Warrants) for a proposed maximum aggregate offering price of \$460.0 million. On December 21, 2006, in accordance with Rule 462(b), we increased the number of Units being registered by 9,200,000, to 55,200,000 Units (consisting of 55,200,000 shares of Common Stock and 55,200,000 Warrants) for a proposed maximum aggregate offering price of \$552.0 million. The underwriter for our initial public offering was Citigroup Global Markets Inc., acting as sole bookrunning manager and representative of Ladenburg Thalmann & Co. Inc. (together, the Underwriters).

On December 28, 2006, we sold 48,000,000 units to the Underwriters in our initial public offering. On January 24, 2007, we sold an additional 4,800,000 Units to the Underwriters pursuant to their over-allotment option. The net proceeds from (i) the sale of 52,800,000 units in our initial public offering (including the underwriters over-allotment option), after deducting approximately \$19.9 million to be applied to underwriting discounts, offering expenses and working capital and approximately \$18.0 million of deferred underwriting discounts and (ii) the sale of 4,500,000 warrants to our sponsors for a purchase price of \$4.5 million, was approximately \$512.6 million. All of these net proceeds were placed in trust, except for \$900,000 that was used for legal, accounting, general and other administrative expenses.

On January 23, 2007, we used \$250,000 of the proceeds from our initial public offering not held in trust to repay two \$125,000 unsecured promissory notes, one of which was held by each of Berggruen Holdings and Marlin Equities. These advances were non-interest bearing and due within 60 days following the consummation of the Offering.

As of September 30, 2007, we have paid an aggregate of approximately \$0.6 million in expenses, which have been or will be paid out of the proceeds of our initial public offering not held in trust and our withdrawal of interest earned on the funds held in trust, for the following purposes:

payment of estimated taxes incurred as a result of interest income earned on funds currently held in the trust account;

payment of premiums associated with our directors and officers liability insurance;

expenses for due diligence and investigation of prospective target businesses;

legal and accounting fees relating to our SEC reporting obligations and general corporate matters; and

miscellaneous expenses.

As of September 30, 2007, after giving effect to our initial public offering and our operations subsequent thereto, approximately \$519.1 million was held in the trust account and we had \$1.8 million of unrestricted cash available to us for our activities in connection with identifying and conducting due diligence of a suitable business combination, and for general corporate matters. On August 22, 2007 and September 13, 2007, at our instruction, the trustee transferred \$5.7 million and \$3.1 million, respectively, of interest earned on the trust account into our operating cash account to fund due and owing tax payments.

ITEM 3. Defaults upon Senior Securities.

Not applicable.

Table of Contents

ITEM 4. Submission of Matters to a Vote of the Security Holders.

Not applicable.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits.

Exhibit Number	Description
3.1	Form of Amended and Restated Certificate of Incorporation (1)
3.2	Bylaws (1)
4.1	Specimen Unit Certificate (1)
4.2	Specimen Common Stock Certificate (1)
4.3	Warrant Agreement dated July 20, 2006 between Continental Stock Transfer & Trust Company and the Registrant (1)
4.4	Specimen Public Warrant Certificate (included in Exhibit 4.3)
4.5	Specimen Private Warrant Certificate (included in Exhibit 4.3)
4.6	First Amendment dated as of November 9, 2006 to Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant (2)
4.7	Second Amendment dated as of November 29, 2006 to Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant (3)
4.8	Amended and Restated Warrant Agreement dated as of December 21, 2006 between Continental Stock Transfer & Trust Company and the Registrant (6)
10.1	Registration Rights Agreement among the Registrant and the Founders dated December 21, 2006 (6)
10.2	Founders Units Subscription Agreement dated as of July 20, 2006 among the Registrant and Berggruen Holdings (1)
10.3	Founders Units Subscription Agreement dated as of July 20, 2006 among the Registrant and Marlin Equities (1)
10.4	Founders Units Subscription Agreement dated as of July 20, 2006 among the Registrant and James N. Hauslein (1)
10.5	Founders Units Subscription Agreement dated as of July 20, 2006 among the Registrant and William P. Lauder (1)
10.6	Founders Units Subscription Agreement dated as of July 20, 2006 among the Registrant and Herbert A. Morey (1)

- 10.7 Sponsors Warrant and Co-Investment Units Subscription Agreement dated as of July 20, 2006 among the Registrant and Berggruen Holdings (1)
- 10.8 Sponsors Warrant and Co-Investment Units Subscription Agreement dated as of July 20, 2006 among the Registrant and Marlin Equities (1)
- 10.10 Letter Agreement dated as of July 20, 2006 among the Registrant, Citigroup Global Markets Inc. and Berggruen Holdings (1)
- 10.11 Letter Agreement dated as of July 20, 2006 among the Registrant, Citigroup Global Markets Inc. and Marlin Equities (1)
- 10.12 Letter Agreement dated as of July 20, 2006 among the Registrant, Citigroup Global Markets Inc. and Nicolas Berggruen (1)
- 10.13 Letter Agreement dated as of July 20, 2006 among the Registrant, Citigroup Global Markets Inc. and Martin E. Franklin (1)

Table of Contents

Exhibit Number	Description
10.14	Letter Agreement dated as of July 20, 2006 among the Registrant, Citigroup Global Markets Inc. and James N. Hauslein (1)
10.15	Letter Agreement dated as of July 20, 2006 among the Registrant, Citigroup Global Markets Inc. and William P. Lauder (1)
10.16	Letter Agreement dated as of July 20, 2006 among the Registrant, Citigroup Global Markets Inc. and Herbert A. Morey (1)
10.17	Form of Letter Agreement among the Registrant and Berggruen Holdings, Inc. Providing office space to the Registrant (1)
10.18	Promissory Note, dated June 14, 2006, issued to Berggruen Holdings (1)
10.19	Promissory Note, dated June 14, 2006, issued to Marlin Equities (1)
10.20	Amended Letter Agreement dated as of November 30, 2006 among the Registrant, Citigroup Global Markets Inc. and Berggruen Holdings (3)
10.21	Amended Letter Agreement dated as of November 30, 2006 among the Registrant, Citigroup Global Markets Inc. and Marlin Equities (3)
10.22	Amended Letter Agreement dated as of November 30, 2006 among the Registrant, Citigroup Global Markets Inc. and Nicolas Berggruen (3)
10.23	Amended Letter Agreement dated as of November 30, 2006 among the Registrant, Citigroup Global Markets Inc. and Martin E. Franklin (3)
10.24	Amended Letter Agreement dated as of November 30, 2006 among the Registrant, Citigroup Global Markets Inc. and James N. Hauslein (3)
10.25	Amended Letter Agreement dated as of November 30, 2006 among the Registrant, Citigroup Global Markets Inc. and William P. Lauder (3)
10.26	Amended Letter Agreement dated as of November 30, 2006 among the Registrant, Citigroup Global Markets Inc. and Herbert A. Morey (3)
10.27	Form of Berggruen Holdings Employee Letter Agreement (3)
10.28	Second Amended Letter Agreement dated as of December 15, 2006 among the Registrant, Citigroup Global Markets Inc. and Berggruen Holdings (4)
10.29	Second Amended Letter Agreement dated as of December 15, 2006 among the Registrant, Citigroup Global Markets Inc. and Marlin Equities (4)

Edgar Filing: Freedom Acquisition Holdings, Inc. - Form 10-Q

- 10.30 Second Amended Letter Agreement dated as of December 15, 2006 among the Registrant, Citigroup Global Markets Inc. and Nicolas Berggruen (4)
- 10.31 Second Amended Letter Agreement dated as of December 15, 2006 among the Registrant, Citigroup Global Markets Inc. and Martin E. Franklin (4)
- 10.32 Investment Management Trust Agreement by and between the Registrant and Continental Stock Transfer & Trust Company (5)
- 10.33 Purchase Agreement, dated as of June 22, 2007, among Freedom Acquisition Holdings, Inc., FA Sub 1 Limited, FA Sub 2 Limited, FA Sub 3 Limited, Jared Bluestein, as buyers representative, Noam Gottesman, as 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, Jeffery A. Robbins, in his capacity as trustee of the Roman GLG Trust, G&S Trustees Limited, in its capacity as trustee of the Lagrange 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, as trustee of the Green Hill Trust, Sage Summit LP and Ogier Fiduciary Services (Cayman) Limited, as trustee of the Blue Hill Trust. (7)
- 31.1 Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Table of Contents

Exhibit Number	Description
32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Form of Charter of Audit Committee (1)
99.2	Form of Charter of Governance and Nominating Committee (1)
99.3	Form of Charter of Compensation Committee (1)
(1)	Incorporated by reference to the corresponding exhibit filed with the Registration Statement on Form S-1 (File No. 333-136248) with the SEC on August 2, 2006.
(2)	Incorporated by reference to the corresponding exhibit filed with Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-136248) filed with the SEC on November 13, 2006.
(3)	Incorporated by reference to the corresponding exhibit filed with Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-136248)

filed with the
SEC on
November 30,
2006.

(4) Incorporated by
reference to the
corresponding
exhibit filed with
Amendment
No. 4 to the
Registration
Statement on
Form S-1 (File
No. 333-136248)
filed with the
SEC on
December 18,
2006.

(5) Incorporated by
reference to the
corresponding
exhibit filed with
the Registrant's
Current Report
on Form 8-K
filed with the
SEC on
December 29,
2006.

(6) Incorporated by
reference to the
corresponding
exhibit filed with
the Registrant's
Annual Report on
Form 10-K filed
with the SEC on
March 27, 2007.

(7) Incorporated by
reference to
Exhibit 10.1 filed
with the
Registrant's
Current Report
on Form 8-K
filed with the
SEC on June 25,

2007.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

October 19, 2007

**FREEDOM ACQUISITION HOLDINGS,
INC.**

/s/ Nicolas Berggruen

By: Nicolas Berggruen

Title: President and Chief Executive Officer