

Endeavor Acquisition Corp.
Form PRER14A
November 20, 2007
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ ..

Check the appropriate box:

- | | |
|---|--|
| <input checked="" type="checkbox"/> x Preliminary Proxy Statement | <input type="checkbox"/> .. Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> .. Definitive Proxy Statement | |
| <input type="checkbox"/> .. Definitive Additional Materials | |
| <input type="checkbox"/> .. Soliciting Material Pursuant to §240.14a-12 | |

ENDEAVOR ACQUISITION CORP.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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

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

(4) Proposed maximum aggregate value of transaction:
\$458,274,200

(5) Total fee paid:
\$16,954

x Fee paid previously with preliminary materials: \$16,954

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

(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

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

Endeavor Acquisition Corp.

590 Madison Avenue

21st Floor

New York, New York 10022

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 12, 2007

TO THE STOCKHOLDERS OF ENDEAVOR ACQUISITION CORP.:

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

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

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

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

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

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

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

(i)

Table of Contents

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

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

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

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

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

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

(ii)

Table of Contents

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

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

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

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

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

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

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

NOVEMBER , 2007

By Order of the Board of Directors

Sincerely,

Eric J. Watson
Chairman and Treasurer

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

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

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

Table of Contents

TABLE OF CONTENTS

	Page
<u>Summary of Material Terms of the Acquisition</u>	1
<u>Questions and Answers About the Proposals</u>	3
<u>Summary of the Proxy Statement</u>	7
<u>Selected Summary Historical and Pro Forma Consolidated Financial Information</u>	13
<u>Risk Factors</u>	29
<u>Forward-Looking Statements</u>	44
<u>Special Meeting of Endeavor Stockholders</u>	45
<u>The Acquisition Proposal</u>	50
<u>The Acquisition Agreement</u>	83
<u>Unaudited Pro Forma Condensed Combined Financial Statements</u>	95
<u>Name Change Amendment Proposal</u>	115
<u>Capitalization Amendment Proposal</u>	116
<u>Article Sixth Amendment Proposal</u>	117
<u>2007 Performance Equity Plan Proposal</u>	119
<u>The Adjournment Proposal</u>	126
<u>Other Information Related to Endeavor</u>	127
<u>Business of American Apparel</u>	138
<u>American Apparel's Management's Discussion And Analysis of Financial Condition and Results Of Operations</u>	154
<u>Directors and Executive Officers of Endeavor Following the Acquisition</u>	201
<u>Beneficial Ownership of Securities</u>	212
<u>Certain Relationships and Related Party Transactions</u>	215
<u>Description of Endeavor Common Stock and Other Securities</u>	218
<u>Price Range of Endeavor Securities</u>	220
<u>Appraisal Rights</u>	220
<u>Stockholder Proposals</u>	220
<u>Independent Auditors</u>	221
<u>Delivery of Documents to Stockholders</u>	221
<u>Where You Can Find More Information</u>	221
<u>Index to Financial Statements</u>	FS-1
Annex A - <u>Amended and Restated Agreement and Plan of Reorganization</u>	A-1
Annex B - <u>Amended and Restated Certificate of Incorporation</u>	B-1
Annex C - <u>2007 Performance Equity Plan</u>	C-1
Annex D - <u>Lock-Up Agreement</u>	D-1
Annex E - <u>Voting Agreement</u>	E-1
Annex F - <u>Opinion of Jefferies & Company, Inc.</u>	F-1
Annex G - <u>Form of Escrow Agreement</u>	G-1
Annex H - <u>Form of Registration Rights Agreement</u>	H-1
Annex I - <u>Form of Tax Opinion to be issued by Graubard Miller</u>	I-1
Annex J - <u>Form of Employment Agreement between Endeavor and Mr. Charney</u>	J-1

Table of Contents

SUMMARY OF MATERIAL TERMS OF THE ACQUISITION

Parties

The parties to the acquisition are:

Endeavor Acquisition Corp. (*Endeavor*),

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

American Apparel Inc. (*AAI*),

American Apparel, LLC (inactive) (*LLC*),

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

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

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

The Acquisition

Under the terms of the Acquisition Agreement:

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

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

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

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

See the section entitled *The Acquisition Proposal*.

Acquisition Consideration

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

Table of Contents

Post-Closing Ownership of Endeavor Common Stock

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

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

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

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

Escrow Agreement

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

Lock-Up Agreement

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

Post-Acquisition Executive Officers and Employment Agreements

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

Post-Acquisition Board of Directors; Voting Agreement

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

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

Q. Why am I receiving this proxy statement?

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

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

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

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

Q. Do I have conversion rights?

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

Q. How do I exercise my conversion rights?

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

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

Table of Contents

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

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

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

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

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

Table of Contents

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

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

Table of Contents

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

Table of Contents

SUMMARY OF THE PROXY STATEMENT

Parties

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

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

Acquisition Structure

Under the terms of the Acquisition Agreement:

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

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

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

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

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

See the section entitled *The Acquisition Proposal*.

Acquisition Consideration

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

Lim Buyout

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

Table of Contents

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

Other Proposals

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

Interests of Endeavor's Directors and Officers in the Acquisition

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

Federal Income Tax Consequences

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

Opinion of Jefferies & Company, Inc.

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

Endeavor encourages stockholders to read this opinion carefully and in its entirety. Jefferies' opinion addresses only the fairness to the holders of Endeavor common stock (other than any affiliates of Endeavor), from a financial point of view and as of the date of Jefferies' opinion, of the consideration of approximately

Table of Contents

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

Recommendation of Endeavor Board of Directors

Endeavor's board of directors:

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

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

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

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

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

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

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

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

American Apparel Stockholders Approval

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

Reasons for the Acquisition

Endeavor believes that American Apparel is positioned for continued growth in its markets and believes that a business combination with American Apparel will provide Endeavor stockholders with an opportunity to participate in an enterprise with significant growth potential. American Apparel had an annual growth rate in revenues of approximately 41.1% from revenues of approximately \$201.5 million in 2005 to revenues of approximately \$284.3 million in 2006, and an annual growth rate in EBITDA of approximately 33.3% from EBITDA of approximately \$16.8 million in 2005 to EBITDA of approximately \$22.4 million in 2006. For the nine month period ended September 30, 2007, American Apparel had revenues of approximately \$275.6 million. This was an approximate 31% increase over revenues of approximately \$209.8 million for the nine month period ended September 30, 2006. American Apparel's retail sales for the first nine months of 2007 were approximately \$126.0 million, an increase of approximately 51% over retail sales of approximately \$83.6 million in the comparable period for 2006. EBITDA for the nine month period ended September 30, 2007 was approximately \$40.2 million, an increase of approximately 125.8%

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over EBITDA of approximately \$17.8 million for the comparable period for 2006. See *The Acquisition Proposal Background of the Acquisition Endeavor's Board*

Table of Contents

of Directors Reasons for Approval of the Acquisition. A discussion of American Apparel's use of EBITDA and a reconciliation of American Apparel's EBITDA to net income, the most comparable GAAP measure, is contained in *Selected Summary Historical and Pro Forma Consolidated Financial Information Non-GAAP Financial Measures*.

Risk Factors

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

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

Certain Waivers and Amendments

Waivers

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

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

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

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

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

Modifications

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

Amended and Restated Acquisition Agreement

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

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

Table of Contents

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

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

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

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

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

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

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

Table of Contents

SELECTED SUMMARY HISTORICAL AND PRO FORMA

CONSOLIDATED FINANCIAL INFORMATION

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

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

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

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

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

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

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

(in thousands of dollars except share data)

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

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

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

Other Consolidated Data (unaudited):

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EBITDA (b)	\$ 36,618	\$ 15,942	\$ 19,938	\$ 15,603	\$ 11,476	\$ 7,536	\$ 2,828
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(a) These financial statements do not include the results of operations or financial condition of the CI companies, which are audited separately, and set forth separately in this proxy.

(b) *See Non-GAAP Financial Measures.*

Table of Contents**The American Apparel Group of Canada (CI)****Selected Historical Combined Financial Information (a)****(in thousands of dollars, except share data)**

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

Weighted average diluted shares outstanding	2,010	2,010	1,710	1,710
Basic and diluted net income (loss) per share	477.11	433.33	68.12	60.82
Cash dividends per share				

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

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

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

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

Table of Contents**The American Apparel Group of Canada (CI)****Selected Historical Combined Financial Information (a)****(in thousands of dollars, except share data)**

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

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

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

Net change in cash	\$	414	\$	356	\$	246	\$	211	\$		\$		\$		\$	(152)	\$	(97)
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(a) These financial statements do not include the results of operations or financial condition of AAI, which are audited separately and set forth separately in this proxy statement.

(b) See *Non-GAAP Financial Measures*.

(c) Canadian dollars presented as of December 31, 2006, 2005, 2004, 2003 and 2002 were converted at an exchange rate of \$0.8590, \$0.8576, \$0.8319, \$0.7727 and \$0.6344 respectively. Canadian dollars presented for the year ended December 31, 2006, 2005, 2004, 2003 and 2002 were converted at an exchange rate of \$0.8813, \$0.8103, \$0.77014, \$0.7163 and \$0.6372 respectively.

Table of Contents**Endeavor Acquisition Corp.****Selected Historical Financial Information**

(in thousands of dollars, except share data)

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

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

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

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

Table of Contents

Non-GAAP Financial Measures

Use of EBITDA

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

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

interest expense;

income taxes; and

depreciation and amortization.

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

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

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

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

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

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

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

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

Table of Contents

Reconciliation of AAI's EBITDA

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

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

Reconciliation of the CI companies' EBITDA

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

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

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

Table of Contents

Selected Unaudited Pro Forma Combined Financial Information

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

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

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

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

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

accompanying notes to the unaudited pro forma condensed combined information;

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

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

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

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

Table of Contents

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

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

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

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

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

Table of Contents

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

ASSUMING LIM BUYOUT EFFECTED BY MR. CHARNEY

SEPTEMBER 30, 2007

(in thousands of dollars, except per share data)

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

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

ASSUMING LIM BUYOUT EFFECTED BY MR. CHARNEY

NINE MONTHS ENDED, SEPTEMBER 30, 2007

(in thousands of dollars)

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

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

ASSUMING LIM BUYOUT EFFECTED BY MR. CHARNEY

YEAR ENDED DECEMBER 31, 2006

(in thousands of dollars)

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

See Unaudited Pro Forma Condensed Combined Financial Statements.

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

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

See Unaudited Pro Forma Condensed Combined Financial Statements.

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

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

See Unaudited Pro Forma Condensed Combined Financial Statements.

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

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

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents

Comparative Per Share Data

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

The unaudited pro forma combined earnings per share information below does not purport to represent the earnings per share which would have actually occurred had the companies been combined, nor earnings per share for any future date or period. The unaudited pro forma combined book value per share information below does not purport to represent what the value of AAI, the CI companies and Endeavor would have actually been had the companies been combined. The numerator used to calculate the per share data for the annual periods ended December 31, 2004 and 2005 were derived from the summary of selected financial information contained in pages 12 through 16 of the proxy statement. For the year ended December 31, 2006 and for the nine months ended September 30, 2007 the numerator used was based on the information contained in the pro forma financials on pages 95 through 114 of the proxy statement. The denominator used to calculate diluted earnings per share for all periods presented include warrants aggregating 16,160,745 and options aggregating 700,000.

	December 31,			Nine Months Ended
	2004	2005	2006	30-September-07
Book value per common share:				
AAI Historical				\$ 187.29
CI Historical (\$US)				\$ 1,851.28
Endeavor Historical commenced operations July 22, 2005				\$ 6.13
Pro forma book value per share assuming Mr. Charney effects the Lim buyout:				
Assuming no conversions				\$ 2.65
Assuming maximum conversions				\$ 2.33
Pro forma book value per share assuming Endeavor effects the Lim buyout:				
Assuming no conversions				\$ 1.46
Assuming maximum conversions				\$ 1.08
Net Income (loss) per common share Basic and Diluted:				
AAI Historical Basic and diluted	\$ 63.23	\$ 35.83	\$ (16.24)	\$ 115.81
CI Historical Basic and diluted (\$US)	\$ 85.00	\$ (3.51)	\$ (45.61)	\$ 433.33
Endeavor Historical basic (commenced operations July 22, 2005)	n/a	\$ 0.01	\$ 0.12	\$ 0.12
Endeavor Historical diluted (commenced operations July 22, 2005)	n/a	\$ 0.01	\$ 0.12	\$ 0.11
Basic pro forma net income per share assuming Mr. Charney effects the Lim buyout:				
Assuming no conversions	\$ 0.09	\$ 0.05	\$ 0.07	\$ 0.28
Assuming maximum conversions	\$ 0.10	\$ 0.05	\$ 0.07	\$ 0.30
Diluted pro forma net income per share assuming Mr. Charney effects the Lim buyout:				
Assuming no conversions	\$ 0.07	\$ 0.04	\$ 0.05	\$ 0.22
Assuming maximum conversions	\$ 0.08	\$ 0.04	\$ 0.05	\$ 0.22
Basic pro forma net income per share assuming Endeavor effects the Lim buyout:				
Assuming no conversions	\$ 0.09	\$ 0.05	\$ 0.07	\$ 0.28
Assuming maximum conversions	\$ 0.10	\$ 0.05	\$ 0.07	\$ 0.30
Diluted pro forma net income per share assuming Endeavor effects the Lim buyout:				
Assuming no conversions	\$ 0.07	\$ 0.04	\$ 0.05	\$ 0.22
Assuming maximum conversions	\$ 0.08	\$ 0.04	\$ 0.05	\$ 0.22
Cash dividends per share:				
AAI Historical	\$ 3.13	\$ 29.90	\$ 6.96	\$ 45.22
CI Historical (\$US)	\$	\$	\$	\$
Endeavor Historical commenced operations July 22, 2005	\$	\$	\$	\$
Pro forma weighted average shares of common stock outstanding (In thousands):				
Basic pro forma weighted average shares outstanding assuming Mr. Charney effects the Lim buyout:				
Assuming no conversions	57,168	57,168	57,168	57,168

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Assuming maximum conversions	53,937	53,937	53,937	53,937
Diluted pro forma weighted average shares outstanding assuming Mr. Charney effects the Lim buyout:				
Assuming no conversions	74,030	74,030	74,030	74,030
Assuming maximum conversions	70,797	70,797	70,797	70,797
Basic pro forma weighted average shares outstanding assuming Endeavor effects the Lim buyout:				
Assuming no conversions	57,168	57,168	57,168	57,168
Assuming maximum conversions	53,937	53,937	53,937	53,937
Diluted pro forma weighted average shares outstanding assuming Endeavor effects the Lim buyout:				
Assuming no conversions	74,030	74,030	74,030	74,030
Assuming maximum conversions	70,797	70,797	70,797	70,797

Table of Contents

RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this proxy statement, before you decide whether to vote or instruct your vote to be cast to adopt the acquisition proposal.

Risks Related to Endeavor's Business and Operations

Following the Acquisition of American Apparel

The value of your investment in Endeavor following consummation of the acquisition will be subject to the significant risks inherent in operating in the retail apparel market, as well as risks that may arise in connection with the integration of the various companies. You should carefully consider the risks and uncertainties described below and other information included in this proxy statement. If any of the events described below occur, Endeavor's post-acquisition business and financial results could be adversely affected in a material way. This could cause the trading price of its common stock to decline, perhaps significantly, and you therefore may lose all or part of your investment.

We must successfully gauge fashion trends and changing consumer preferences in order to succeed generally and to effectively manage our inventory.

Our success will be largely dependent upon our ability to gauge the fashion tastes of our customers and to provide merchandise that satisfies customer demand in a timely manner. The retail apparel business fluctuates according to changes in consumer preferences dictated, in part, by fashion and season. To the extent we misjudge the market for our merchandise or the products suitable for our market, our sales will be adversely affected and the markdowns required to sell the resulting excess inventory will adversely affect our operating results. Some of our past product offerings have not been well received by our customer base. Merchandise misjudgments could have a material adverse effect on our image with our customers and on our operating results. Fluctuations in the apparel retail market affect the inventory owned by apparel retailers, since merchandise usually must be manufactured in advance of the season and frequently before fashion trends are evidenced by customer purchases. In addition, the cyclical nature of the retail apparel business will require us to carry a significant amount of inventory, especially prior to peak selling seasons when we build up our inventory levels. As a result, we will be vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise production. If sales do not meet expectations, too much inventory may cause excessive markdowns and, therefore, lower than planned margins.

Our business will be highly competitive and our market share may be adversely impacted at any time by the significant number of competitors in our industry.

The retail apparel industry, in general, and the imprintable apparel market, specifically, are fragmented and highly competitive. Prices of certain products we manufacture, particularly t-shirts, are determined based on market conditions, including the price of raw materials. There can be no assurance that we will be able to compete successfully in the future. We will compete with national and local department stores, specialty and discount store chains, independent retail stores and Internet businesses that market similar lines of merchandise. We will face a variety of competitive challenges, including:

anticipating and quickly responding to changing consumer demands;

maintaining favorable brand recognition and effectively marketing our products to consumers in several diverse market segments;

developing innovative, high-quality products in sizes, colors and styles that appeal to consumers;

sourcing raw materials and manufacturing merchandise efficiently;

Table of Contents

competitively pricing our products and achieving customer perception of value;

providing strong and effective marketing support; and

maintaining high levels of consumer traffic to our retail stores.

We will also face competition in European, Asian and Canadian markets from established regional and national chains. Our success in these markets depends on determining a sustainable profit formula to build brand loyalty and gain market share in these challenging retail environments.

Purchases of retail apparel merchandise are generally discretionary and therefore are particularly susceptible to decline in poor economic conditions.

The outlook for the United States and world economy is uncertain and is directly affected by global factors that are beyond our control. Such factors include disposable consumer income, oil prices, recession and fears of recession, war and fears of war, terrorist attacks, inclement weather, consumer debt, interest rates, sales tax rates, consumer confidence in future economic conditions and political conditions, and consumer perceptions of personal well-being and security. Consumers are generally more willing to make discretionary purchases, including purchases of fashion products, during periods in which favorable economic conditions prevail. If economic conditions change, our business, financial condition and results of operations could be adversely affected. We cannot predict the indirect effects such as rising oil and freight prices, consumer spending or other economic factors such as natural disasters will have on our results of operations.

Our growth strategy relies in part on the opening of new stores and the remodeling of existing stores each year, which may strain our resources and adversely impact the performance of our existing store base.

Our growth strategy depends in part on the opening of new American Apparel retail stores, the remodeling of existing stores in a timely manner and the operation of these stores in a cost-efficient manner. Successful implementation of this portion of our growth strategy depends on a number of factors including, but not limited to, our ability to:

obtain suitable store locations and negotiate acceptable leases for these locations;

complete store design and remodeling projects on time and on budget;

supply our stores with proper types and quantities of merchandise; and

hire and train qualified store managers and sales people.

Additionally, new stores that we open may place increased demands on our existing financial, operational, managerial and administrative resources, which could cause us to operate less effectively. Furthermore, it is possible that by opening a new store in an existing market, we could adversely affect the previously existing stores in that market by drawing away foot traffic from the previously existing store.

Expanding our business internationally is an important part of our overall growth strategy and our success in this regard is subject to numerous risks, any of which could delay or prevent successful penetration into international markets.

As we expand internationally, we will need to effectively and efficiently open and operate stores in international locations. Our international growth will be limited unless we can:

identify suitable markets and sites for store locations;

negotiate acceptable lease terms;

hire, train and retain competent store personnel;

Table of Contents

gain acceptance from foreign customers;

manage inventory effectively to meet the needs of new and existing stores on a timely basis;

expand infrastructure to accommodate growth;

generate sufficient operating cash flows or secure adequate capital on commercially reasonable terms to fund our expansion plan;

manage foreign exchange risks effectively;

address existing and changing legal, regulatory and political environments in target foreign markets; and

manage international growth, if any, in a manner that does not unduly strain our financial, operating and management resources.

We anticipate that we will incur significant costs related to starting up and maintaining additional foreign operations. Costs may include, and will not be limited to, obtaining prime locations for stores, setting up foreign offices and distribution facilities and hiring experienced management.

We expect to experience fluctuations in our comparable store sales and margins, which could make it difficult to gauge our growth at any specific period of time.

Our success will depend, in part, upon our ability to improve sales, as well as gross margins and operating margins, at American Apparel's existing stores. American Apparel's comparable store sales have fluctuated significantly in the past on an annual, quarterly and monthly basis, and we expect that they will continue to fluctuate in the future. For example, over the past two years, American Apparel's quarterly comparable store sales have ranged from an increase of 64.4% in the first quarter of 2005 to an increase of 0.1% in the second quarter of 2006. American Apparel's comparable store sales in 2006 increased 4.8% from 2005. A variety of factors affect comparable store sales, including fashion trends, competition, current economic conditions, the timing of release of new merchandise and promotional events, changes in our merchandise mix, the success of marketing programs and weather conditions. These factors may cause our comparable store sales results to differ materially from American Apparel's prior periods and from our expectations. Our ability to deliver strong comparable store sales results and margins will depend in large part on accurately forecasting demand and fashion trends, selecting effective marketing techniques, providing an appropriate mix of merchandise for our customer base, managing inventory effectively, using more effective pricing strategies, and optimizing store performance.

We will be dependent on key personnel, and our ability to grow and compete will be harmed if we do not retain the continued services of such personnel, or we fail to identify, hire and retain additional qualified personnel.

We will be dependent on the efforts of American Apparel's management team, and the loss of services of one or more members of this team, each of whom have substantial experience in the apparel industry, could have an adverse effect on our business. American Apparel's senior officers closely supervise all aspects of the American Apparel business, in particular the design and production of merchandise and the operation of the American Apparel stores. If any member of American Apparel's management leaves, such departure could have an adverse effect on our operations and could adversely affect our ability to design new products and to maintain and grow the distribution channels for our products. The loss of Mr. Charney would be particularly harmful as he is considered intimately connected to American Apparel's brand identity and is the principal driving force behind American Apparel's core concepts. In addition, if we experience material growth following the acquisition, we will need to attract and retain additional qualified personnel. The market for qualified and talented design and marketing personnel in the apparel industry is intensely competitive. If we are unable to attract or retain qualified personnel as needed, our growth will be hampered and our operating results could be materially adversely affected.

Table of Contents

Cost increases in the materials or labor used to manufacture our products could negatively impact our business and financial condition.

The manufacture of American Apparel's products is labor intensive and utilizes raw materials supplied by third parties. An important part of American Apparel's branding and marketing is that its products are made in the United States. The Federal Trade Commission has stated that for a product to be called Made in USA, or claimed to be of domestic origin without qualifications or limits on the claim, the product must be all or virtually all made in the U.S. The term United States includes the 50 states, the District of Columbia, and the U.S. territories and possessions. All or virtually all means that all significant parts and processing that go into the product must be of U.S. origin. That is, the product should contain no- or negligible foreign content. American Apparel meets the FTC's Made in the USA standard and from the knitting process to the final sewing of a garment, all of the processes are conducted in the US, either directly by American Apparel in its knitting, manufacturing, dyeing and finishing facilities located in Los Angeles or through local commission knitters, dyers and sewers in the Los Angeles metropolitan area and other regions in the US. If the cost of labor materially increases, our financial results could be materially adversely affected and our ability to compete against companies with lower labor costs could be hampered. Material increases in labor costs in the United States could also force us to move all or a portion of our manufacturing overseas, which could adversely affect the American Apparel brand identity. Similarly, increases in the prices we pay to the suppliers of the raw materials used in the manufacturing of our products could adversely affect our financial condition and ability to compete and could force us to seek to offset increased raw material costs by relocating all or a portion of our manufacturing overseas to locations with lower labor costs.

Unionization of employees at our facilities could result in increased risk of work stoppages and high labor costs.

American Apparel's employees are not party to any collective bargaining agreement or union. If employees at our manufacturing or distribution facilities were to unionize, our relationship with our employees could be adversely affected. We would also face an increased risk of work stoppages and higher labor costs. Accordingly, unionization of our employees could have a material adverse impact on our operating costs and financial condition and could force us to raise prices on our products, curtail operations and/or relocate all or a portion of our operations overseas.

Many of American Apparel's workers are documented immigrants and authorized to work in the United States; however, changes in immigration and labor laws could affect such labor force.

Many of American Apparel's workers are documented immigrants, authorized to work in the United States. Changes to existing U.S. immigration laws or labor laws could affect this labor force and could make it harder for members of such force to remain or legally work in the United States. Any changes in U.S. laws having such an affect could make it harder for American Apparel to maintain and expand its work force, which would be adverse to American Apparel's manufacturing capabilities and harm American Apparel's operations and financial results.

Our manufacturing operations will be located in higher-cost geographic locations, placing us at a disadvantage to competitors that have a higher percentage of their operations overseas.

Despite the general industry-wide migration of manufacturing operations to lower-cost locations, such as Central America, the Caribbean Basin and Asia, American Apparel's textile manufacturing operations are still located in the United States, which is a higher-cost location relative to these offshore locations. In addition, American Apparel's competitors generally source or produce a greater portion of their textiles from regions with lower costs than American Apparel, which will place us at a cost disadvantage. This can enable our competitors to exert pricing pressure in the industry by using their manufacturing cost savings to reduce prices of their products.

Table of Contents

Reliance on third party shippers to deliver merchandise to stores and customers could result in business disruption.

The efficient operation of American Apparel's stores and wholesale business depends on the timely receipt of merchandise from its distribution centers. Independent third party transportation companies deliver a substantial portion of American Apparel's merchandise to our stores. These shippers may not continue to ship our products at current pricing or terms. These shippers may employ personnel represented by labor unions. Disruptions in the delivery of merchandise or work stoppages by employees or contractors of these third parties could delay the timely receipt of merchandise. There can be no assurance that such stoppages or disruptions will not occur in the future. Any failure by these third parties to respond adequately to our distribution needs would disrupt our operations and could have a material adverse effect on our financial condition and results of operations.

Elimination of U.S. import protections would eliminate an important barrier to competition with respect to merchandise produced in lower labor cost locations, which could place us at a disadvantage.

Our products will be subject to foreign competition. Foreign producers of apparel often have significant labor cost advantages, which can enable them to sell their products at relatively lower prices. However, in the past, foreign competitors have been faced with significant U.S. government import restrictions. The extent of import protection afforded to domestic apparel producers has been, and is likely to remain, subject to political considerations, and is therefore unpredictable. Given the number of foreign producers, the substantial elimination of import protections that protect domestic apparel producers such as American Apparel could materially adversely affect our business.

Because American Apparel utilizes foreign suppliers and sells into foreign markets, we will be subject to numerous risks associated with international business that could increase our costs or disrupt the supply of its products, resulting in a negative impact on our business and financial condition.

American Apparel's international operations subject it to risks, including:

economic and political instability,

restrictive actions by foreign governments,

greater difficulty enforcing intellectual property rights and weaker laws protecting intellectual property rights,

changes in import duties or import or export restrictions,

fluctuations in currency exchange rates, which could negatively affect profit margins,

timely shipping of product and unloading of product through West Coast ports, as well as timely truck delivery to American Apparel's warehouses,

complications complying with the laws and policies of the United States affecting the importation of goods, including duties, quotas, and taxes, and

complications in complying with trade and foreign tax laws.

Any of these events or circumstances could disrupt the supply of our products or increase our expenses.

Litigation exposure could exceed expectations and have a material adverse effect on our financial condition and results of operations.

American Apparel is subject to regulatory inquiries, claims and suits that arise in the ordinary course of business and is currently involved in litigation incidental to the conduct of its business. American Apparel is

Table of Contents

currently defending two personnel-related claims of harassment, discrimination and/or wrongful termination and a claim of trademark infringement brought by Hanesbrands, Inc. American Apparel's management believes these matters are generally without merit, but there can be no assurance that we would not incur substantial costs to defend them or substantial liability in the event one or more of these matters are decided against us. We are unable to assess the specific maximum potential financial exposure that could result from these matters. Our estimates of the viability of these claims or the financial exposure in which they could result could change from time to time as the matters proceed through their course, as facts are established and various judicial determinations are made. Should management's current evaluation that pending matters are without merit prove incorrect, we could have material financial exposure, which would have a material adverse effect upon our financial condition and results of operations. See the section entitled *Business of American Apparel Legal Proceedings* for a more detailed discussion of American Apparel's pending litigation.

The process of upgrading American Apparel's information technology infrastructure may disrupt our operations.

American Apparel has performed an evaluation of its information technology systems and requirements and is in the beginning stages of implementing upgrades to its information technology systems supporting the business. These upgrades will involve replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality. There are inherent risks associated with replacing and changing these systems, including accurately capturing data and system disruptions. We believe that American Apparel is taking appropriate action to mitigate the risks through testing, training and staging implementation, as well as securing appropriate commercial contracts with third-party vendors supplying such replacement technologies. Information technology system disruptions, if not anticipated and appropriately mitigated, could have a material adverse effect on our financial condition and results of operations. Additionally, there is no assurance that a successfully implemented system will produce its intended benefits.

We will have potentially adverse exposure to credit risks on our wholesale sales.

American Apparel is exposed to the risk of financial non-performance by its customers, primarily in its wholesale business. Sales to wholesale customers represented approximately 56% of total sales for the year ended December 31, 2006 and approximately 51% of total sales for the nine months ended September 30, 2007. American Apparel's extension of credit involves considerable use of judgment and is based on an evaluation of each customer's financial condition and payment history. American Apparel monitors its credit risk exposure by periodically obtaining credit reports and updated financials on its customers. American Apparel maintains an allowance for doubtful accounts for potential credit losses based upon historical trends and other available information. However, the inability to collect on sales to significant customers or a group of customers could have a material adverse effect on our results of operations.

Our online retail operations will face risks that could have a material adverse effect on its financial condition and results of operations.

Our online retail operations were approximately 7% of sales for the year ending December 31, 2006 and approximately 7% of sales for the nine months ended September 30, 2007 and are subject to numerous risks that could have a material adverse effect on our operational results. Risks include, but are not limited to, the following:

a diversion of sales from our retail stores, which may impact comparable store sales figures;

difficulty in recreating the in-store experience on a web site; and

risks related to the failure of the systems that operate the web sites and their related support systems, including computer viruses, theft of customer information, telecommunication failures and electronic break-ins and similar disruptions.

Table of Contents

We will incur significant costs as a result of operating as a public company, our management will be required to devote substantial time to new compliance initiatives and we will be required to remediate our material weakness in American Apparel's internal control over financial reporting identified by its auditors, which related to American Apparel not having sufficient personnel for its financial reporting responsibilities, which results in the untimely close of its books and records and preparation of financial statements and related disclosures.

While we are a public company, our compliance costs to date have not been substantial in light of our limited operations. American Apparel has never operated as a public company. As a public company with substantial operations, we will incur increased legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the SEC and the American Stock Exchange, have imposed various new requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

In addition, the Sarbanes-Oxley Act requires, among other things, that we report on the effectiveness of our internal control over financial reporting and disclosure controls and procedures. We must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. After the acquisition, the added complexity and geographical scope of our operations will substantially increase our costs in complying with Section 404. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Additionally, American Apparel's auditors have identified certain deficiencies in American Apparel's internal control over financial reporting that will need to be remedied. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues current management has. If we are not able to comply with the requirements of Section 404, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the American Stock Exchange.

American Apparel has significant indebtedness and a failure to generate significant cash flow could render it unable to service such obligations.

As of September 30, 2007, American Apparel had aggregate indebtedness of approximately \$124.7 million. Approximately 42% of this aggregate indebtedness of \$124.7 million bears variable interest rates (which ranges from 4.6% to 24%). American Apparel's ability to service this indebtedness will be dependent on its ability to generate cash from internal operations sufficient to make required payments on such indebtedness. American Apparel's business may not generate sufficient cash flow from operations and future borrowings may not be available to American Apparel under these facilities in an amount sufficient to enable American Apparel to pay this indebtedness and fund operating and liquidity requirements prior to the closing of the acquisition. American Apparel may need to refinance all or a portion of this indebtedness on or before maturity. However, American Apparel may not be able to refinance any of this indebtedness on commercially reasonable terms, or at all. On July 2, 2007, American Apparel obtained an additional \$10 million secured debt financing with the same private investment firm which provided \$41 million in financing under a term loan agreement in January 2007. On July 2, 2007 American Apparel also replaced its secured revolving credit facility of \$62.5 million with an increased revolving credit facility of \$75 million from a new bank, which expires on the earlier of July 2, 2012 or thirty days prior to the maturity date of the loan agreement with the private investment firm (January 18, 2009) unless it is refinanced on terms acceptable to the bank in December 2008. Borrowings under the new facility are subject to certain advance provisions established by the bank and are collateralized by substantially all of the assets of American Apparel.

Table of Contents

Interest costs paid by American Apparel would increase if interest rates increase.

Approximately 42% of the debt of AAI at September 30, 2007 was at a variable rate. In the event that interest rates rise, the result would be higher interest costs at AAI. Approximately 83% of the debt of CI at September 30, 2007 was at a variable rate (ranging from Canadian Prime Rate + 1% to 18%). In the event that interest rates rise, CI will incur higher interest costs.

Failure of American Apparel to remain in compliance with certain financial covenants under its financing arrangements could result in the acceleration of its debt repayment obligations.

The financing agreements between AAI and its lenders contain certain financial covenants relating to AAI's fixed charge coverage ratio, annual capital expense limitations, minimum EBITDA, debt to EBITDA ratios and adjusted debt to EBITDA ratios. Failure of American Apparel to maintain compliance with any of these financial covenants can result in an increase in the interest rate payable under the financing arrangements or acceleration of the outstanding debt in its entirety and may adversely effect the ability of American Apparel to obtain additional financing that may be necessary to effectively grow the business going forward. Prior to July 2, 2007, AAI was in non-compliance under its then existing financing agreements, failing to meet the senior debt to EBITDA ratio test under its revolving credit facility and failing to satisfy the minimum EBITDA test for 2006 as well as the minimum EBITDA test and the maximum senior debt to EBITDA ratio test for the first quarter of 2007 under its term loan agreement with a private investment firm. On July 2, 2007, AAI replaced its existing revolving credit facility with a revolving credit facility agreement with a new bank and the private investment firm agreed to waive past defaults and reset the financial covenants under AAI's term loan agreement. As of September 30, 2007 AAI failed to meet the provisions of certain debt covenants relating to AAI's outstanding indebtedness and transactions with affiliates as set forth in its credit facility agreements and term loan agreement. During November 2007, AAI obtained waivers from its bank and private investment firm for the violations of these covenants. As of the date hereof, AAI is in compliance with all of the financial covenants under each of these financing agreements.

The financing agreement among the CI companies and their lender contain certain financial covenants relating to working capital requirements and debt to net worth ratios. Failure to maintain compliance with those financial covenants may result in additional fees being assessed against the CI companies or acceleration of the outstanding debt in its entirety and may adversely effect the ability of the CI companies to continue operations. At September 30, 2007 and as of the date hereof, the CI companies were not in compliance with the financial covenants of their financing agreement, failing to meet the minimum net working capital test and debt to tangible net worth ratio test. The bank has waived compliance with the obligation to meet these covenants as at September 30, 2007.

Substantially all of American Apparels' assets are used to collateralize its credit facilities, certain term loans and equipment leasing agreements

Substantially all of American Apparel's assets are used to collateralize its credit facilities, certain term loans and equipment leasing agreements. As of September 30, 2007, these credit facilities consist of AAI's revolving credit facility of \$75 million, which is secured by substantially all assets of AAI including cash, inventory and accounts receivable as well as the CI Companies' line of credit facility of \$4.5 million, which is secured the CI Companies' accounts receivable, inventory and all other moveable assets. AAI's term loan agreement with a private investment firm of \$61 million also uses substantially all assets of AAI as collateral and names the private investment firm a second lien lender. All of these debt agreements contain various covenants that require the AAI and CI Companies to maintain certain financial ratios and commitments as defined by the agreements. All leasing agreements are collateralized by equipment provided by the leasing arrangement.

In the event of the default on these agreements, substantially all of the assets of AAI and CI Companies would be subject to liquidation by the creditors, which may result in no assets being left available to the stockholders.

Table of Contents

American Apparel is currently being audited by government tax agencies regarding its operating activities in previous periods which may result in an assessment of a material amount, the payment of which may adversely impact American Apparel's financial conditions and operations.

As of September 30, 2007, American Apparel is being audited by Federal and State agencies in regards to sales and income taxes for certain previous years. At this time, no assessments have been issued and American Apparel cannot quantify what impact these audits may have, if any. Therefore no provisions have been set up in the accounts of American Apparel.

American Apparel may not be able to achieve its estimate of \$75 million of EBITDA in 2008.

There may be several factors that could cause American Apparel to not achieve its estimated 2008 EBITDA including lower sales and insufficient funding that would reduce the number of stores expected to be opened. Lower same store sales growth in 2008 would reduce the cash being generated for working capital. The final amount of funds available to American Apparel from the merger to support its expansion plans is dependant on the number of shareholders that vote against the merger. A large negative vote would severely impact American Apparel's expansion plans. Unexpected operational or expansion costs would reduce the funds available for further expansion. These possibilities would reduce the number of new stores to be opened in 2008 and thus reducing the EBITDA.

Investors evaluating the proposals described in this proxy statement will not have, prior to the special meeting, certain information relating to compensation arrangements for the officers, directors and employees of the combined companies.

Significant compensation decisions will be made by Endeavor's board of directors and compensation committee going forward after the acquisition, as generally described in the section entitled *Directors and Executive Officers of Endeavor Following the Acquisition - Executive Compensation*. While it is generally anticipated that American Apparel's current officers and employees (other than Mr. Lim) will continue in the same or substantially the same capacities with American Apparel after the acquisition, none of them, other than Mr. Charney, is entering into a new employment agreement in connection with the acquisition. Accordingly, their compensation arrangements will be subject to review and change from time to time, including in the near term, by the board of Endeavor and its compensation committee following the acquisition. Although the board of directors and compensation committee will have a fiduciary duty to make fair and reasonable compensation decisions, future compensation arrangements cannot be currently quantified and therefore investors must recognize the presently indeterminate nature of this factor in their economic analysis of the acquisition and the related proposals discussed in this proxy statement.

Additionally, although it has been agreed among American Apparel and Endeavor that key officers and employees of American Apparel may be granted cash bonuses in connection with the consummation of the acquisition, neither the pool of eligible officers and employees nor individual bonus awards have been determined as of the date hereof. Bonuses in an aggregate amount of \$2.5 million shall be awarded to key officers and employees of American Apparel in recognition of the contributions they have made to the successful completion of the acquisition and overall growth of American Apparel. However, specific details of those awards have not yet been determined and cannot be factored into your evaluation of the transaction.

Endeavor's financial statements contain a statement indicating that its ability to continue as a going concern is dependent on consummation of the acquisition.

As disclosed in the December 31, 2006 financial statements, Endeavor's cash and working capital were insufficient to fund its operations for the next 12 months. The report of its independent registered public accounting firm on the financial statements includes an explanatory paragraph stating that the ability to continue as a going concern is dependent on the consummation of the acquisition. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. As of September 30, 2007, the Company has negative working capital of \$944,758, net of \$128,374,498 of which is cash held in the Trust Account. On December 18, 2006, the Company entered into an agreement to acquire an operating entity expected to be

Table of Contents

consummated in 2007. In order for the Company to continue to fund the operating costs associated with the acquisition, the Company's officers have agreed to advance the Company enough capital in order to consummate the acquisition. There can be no assurance that the acquisition will be consummated. Should this Business Combination not be consummated, the Company would be required to return the funds held in the Trust Account to holders of shares issued in the Offering, as a mandatory liquidation, pursuant to a plan of dissolution and liquidation approved by stockholders. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The unaudited condensed interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The market for real estate in desirable retail store locations is competitive, which could hamper our ability to open new stores.

Our ability to obtain real estate to open new stores in desirable locations depends upon the availability of real estate that meets our criteria, which includes, among other items, projected foot traffic, square footage, demographics and whether we are able to negotiate lease terms that meet our operating budget. In addition, we must be able to effectively renew our existing store leases from time to time. Failure to secure real estate in desirable locations on economically beneficial terms or to renew leases on existing store locations on economically beneficial terms could have a material adverse effect on our results of operations.

Endeavor's outstanding warrants and options 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 Endeavor's stockholders.

Outstanding redeemable warrants to purchase an aggregate of 16,160,745 shares of common stock issued in Endeavor's IPO will become exercisable after the consummation of the acquisition. These will be exercised only if the \$6.00 per share exercise price is below the market price of Endeavor's common stock. On November 1, 2007, the last sale price of a share of Endeavor common stock was \$12.30, thereby creating incentive for warrant holders to exercise their warrants. Endeavor also has outstanding options to purchase 350,000 shares of its common stock and other warrants to purchase an additional 350,000 shares of its common stock. Immediately following the closing of the acquisition, assuming no conversions, Endeavor will have 57,168,810 shares outstanding. Giving effect to the foregoing assumptions, as well as the exercise of all of the outstanding warrants and options (and warrants underlying such options), there would be 74,029,555 shares outstanding. This substantial dilution would more than double 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 such shares.

There will be a substantial number of shares of Endeavor's common stock available for sale in the future that may increase the volume of common stock available for sale in the open market and may cause a decline in the market price of Endeavor's common stock.

The consideration to be issued in the acquisition to the American Apparel stockholders will include 37,258,065 shares of Endeavor common stock that will be issued at the closing, such shares being subject to downward adjustment based on American Apparel's net debt. These shares are initially not being registered and will be restricted from public sale under the securities laws. All of these shares will be subject to the lock-up agreement and cannot be sold publicly until the expiration of the restricted period under the lock-up agreements and under Rule 144 promulgated under the Securities Act of 1933. The presence of this additional number of shares of common stock eligible for trading in the public market after the lapse of the restrictions may have an adverse effect on the market price of Endeavor's common stock.

Endeavor's working capital will be reduced if Endeavor stockholders exercise their right to convert their shares into cash. This would reduce Endeavor's cash reserve after the acquisition.

Pursuant to Endeavor's certificate of incorporation, holders of shares issued in Endeavor's IPO may vote against the acquisition and demand that we convert their shares calculated as of two business days prior to the anticipated date of the consummation of the acquisition, into a pro rata share of the trust account where a

Table of Contents

substantial portion of the net proceeds of the IPO are held. Endeavor and American Apparel will not consummate the acquisition if holders of 3,232,149 or more shares of common stock issued in Endeavor's IPO exercise these conversion rights. To the extent the acquisition is consummated and holders have demanded to so convert their shares, there will be a corresponding reduction in the amount of funds available to the combined company following the acquisition. As of November 1, 2007, assuming the acquisition proposal is adopted, the maximum amount of funds that could be disbursed to Endeavor's stockholders upon the exercise of their conversion rights is approximately \$25.7 million, or approximately 20% of the funds then held in the trust account. Any payment upon exercise of conversion rights will reduce Endeavor's cash after the acquisition, which may limit Endeavor's ability to implement American Apparel's business plan.

Endeavor will effectively be required to consummate the Lim Buyout instead of Mr. Charney and the cash available to the combined companies for use in operations and expansion will therefore be significantly reduced.

Endeavor will effectively be required to consummate the Lim Buyout instead of Mr. Charney and will purchase all of Mr. Lim's equity interests in the American Apparel companies for cash in the approximate amount of \$67.8 million, assuming a closing date of December 14, 2007. As a result, significantly less money will be available to the combined companies from the trust following consummation of the acquisition for use in the operations of American Apparel, funding American Apparel's growth strategy and reducing American Apparel's debt. This could result in American Apparel reducing its expansion efforts and could diminish American Apparel's ability to replace existing credit facilities or negotiate improved terms thereon.

If Endeavor stockholders fail to vote or abstain from voting on the acquisition proposal, they may not exercise their conversion rights to convert their shares of common stock of Endeavor into a pro rata portion of the trust account as of the record date.

Endeavor stockholders holding shares of Endeavor common stock issued in Endeavor's IPO who affirmatively vote against the acquisition proposal may, at the same time, demand that we convert their shares into a pro rata portion of the trust account, calculated as of two business days prior to the anticipated date of the consummation of the acquisition. Endeavor stockholders who seek to exercise this conversion right must affirmatively vote against the acquisition and tender their shares (either physically or electronically) to Endeavor's transfer agent after the special meeting. Any Endeavor stockholder who fails to vote or who abstains from voting on the acquisition proposal or who fails to tender their shares as required may not exercise his or her conversion rights and will not receive a pro rata portion of the trust account for conversion of his or her shares.

If we are unable to maintain listing of Endeavor's securities on the American Stock Exchange or any stock exchange, it may be more difficult for Endeavor's stockholders to sell their securities.

Endeavor's units, common stock and warrants are currently traded on the American Stock Exchange. In connection with the acquisition, it is likely that the American Stock Exchange may require Endeavor to file a new initial listing application and meet its initial listing requirements as opposed to its more lenient continued listing requirements. We cannot assure you that Endeavor will be able to meet those initial listing requirements at that time. If the American Stock Exchange delists Endeavor's securities from trading on its exchange, and Endeavor is unable to obtain listing on Nasdaq, Endeavor could face significant material adverse consequences, including:

- a limited availability of market quotations for its securities;

- a limited amount of news and analyst coverage for Endeavor;

- a decreased ability to issue additional securities or obtain additional financing in the future; and

the foregoing factors could lead to reduced market prices for Endeavor's Common Stock, which could lead to a determination that its common stock is a penny stock, which would require brokers trading in its common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for Endeavor's common stock.

Table of Contents

Our ability to request indemnification from American Apparel's stockholders for damages arising out of the acquisition is limited to those claims where damages exceed \$250,000 and are only indemnifiable to the extent that damages exceed \$250,000.

At the closing of the acquisition, 8,064,516 shares of Endeavor common stock to be issued to Mr. Charney will be deposited in escrow as the sole remedy for the obligation of the American Apparel stockholders to indemnify and hold harmless Endeavor for any damages, whether as a result of any third party claim or otherwise, and which arise as a result of or in connection with the breach of representations and warranties and agreements and covenants of American Apparel. Claims for indemnification may only be asserted by Endeavor once the damages exceed \$250,000 in the aggregate and are indemnifiable only to the extent that damages exceed \$250,000. Accordingly, it is possible that Endeavor will not be entitled to indemnification even if American Apparel is found to have breached its representations and warranties contained in the Acquisition Agreement if such breach would only result in damages to Endeavor of less than \$250,000.

Endeavor's current directors and executive officers own shares of common stock that will become worthless if the acquisition is not approved. Consequently, they may have a conflict of interest in determining whether particular changes to the terms of the business combination with American Apparel or waivers of conditions are appropriate.

All of Endeavor's officers and directors or their affiliates beneficially own stock in Endeavor, which they purchased prior to Endeavor's IPO. Endeavor's executives and directors and their affiliates are not entitled to receive any of the cash proceeds that may be distributed upon Endeavor's liquidation with respect to shares they acquired prior to Endeavor's IPO. Therefore, if the acquisition is not approved and Endeavor is forced to liquidate, such shares held by such persons will be worthless, as will all of the warrants, and such shares and warrants cannot be sold by them prior to the consummation of the acquisition. In addition, if Endeavor liquidates prior to the consummation of a business combination, Eric Watson and Jonathan Ledecy, Endeavor's chairman of the board and chief executive officer, respectively, will be personally liable to pay the debts and obligations, if any, to vendors and other entities that are owed money by Endeavor for services rendered or products sold to Endeavor, or to any target business, to the extent such creditors bring claims that would otherwise require payment from moneys in the trust account.

These personal and financial interests of Endeavor's directors and officers may have influenced their decision to approve the business combination with American Apparel. In considering the recommendations of Endeavor's board of directors to vote for the acquisition proposal and other proposals, you should consider these interests. Additionally, the exercise of Endeavor's directors' and executive officers' discretion in agreeing to changes or waivers in the terms of the business combination may result in a conflict of interest when determining whether such changes to the terms of the business combination or waivers of conditions are appropriate and in Endeavor's stockholders' best interest.

The Original Agreement has been amended and restated in its entirety by the Acquisition Agreement to provide for certain modifications to the terms of the acquisition, including eliminating EBITDA thresholds that American Apparel was required to meet and increasing the consideration being paid by Endeavor, which required Endeavor's board to re-evaluate and reaffirm its approval of the transaction. You should base your decision on how to vote on the proposals on the information contained in the definitive proxy statement and not on the information contained in any preliminary proxy statement.

Under the terms of the Original Agreement, a condition to Endeavor consummating the acquisition was that American Apparel had EBITDA of at least \$30 million for the year ended December 31, 2006 after giving effect to up to an aggregate of \$5 million of adjustments for deferred rent, legal, litigation and workers' compensation expenses. In April 2007, Endeavor agreed to allow certain adjustments above the original \$5 million basket to accommodate an approximate \$3.5 million inventory obsolescence reserve established for excess inventory in connection with American Apparel's December 31, 2006 inventory valuation. In addition, Endeavor waived American Apparel's breach of the Original Agreement caused by American Apparel's failure to timely deliver its

Table of Contents

financial statements for the year ended December 31, 2006 and also waived compliance with American Apparel's obligation to deliver projections of EBITDA for 2007 and 2008. In November 2007, the Original Agreement was amended and restated in its entirety by the Acquisition Agreement to affect the foregoing waivers and adjustments and other changes including increasing the aggregate consideration issuable or payable by Endeavor in the acquisition. As a result, Endeavor's board was required to re-evaluate the acquisition based on these modifications and voted to reaffirm its approval of the transaction. You should base your decision on how to vote on the proposals on the information contained in the definitive proxy statement.

Endeavor's board did not obtain a fairness opinion with respect to the amended terms of the transaction.

Although the board of directors of Endeavor obtained an opinion that the acquisition was fair from a financial point of view to the Endeavor stockholders under the original terms agreed to in December 2006, it did not obtain a fairness opinion with respect to the amended terms agreed to in October 2007 given existing time constraints and lack of funds held outside of trust and because the board believed that the terms of the amended deal were in line with those upon which the original fairness opinion was obtained. According, there is no third party opinion as to the fairness to Endeavor's stockholder from a financial point of view of the amended terms of the acquisition for your use in consideration of the acquisition.

If we are unable to complete the business combination with American Apparel and are forced to dissolve and liquidate, third parties may bring claims against us and as a result, the proceeds held in trust could be reduced and the per share liquidation price received by stockholders could be less than \$7.97 per share.

As of November 1, 2007, Endeavor held approximately \$128.7 million in the trust account, or approximately \$7.97 per share of Endeavor common stock issued for the IPO. If we are unable to complete the business combination with American Apparel by December 15, 2007 and are forced to dissolve and liquidate, third parties may bring claims against us. Although we have obtained waiver agreements from the vendors and service providers we have engaged and owe money to, and the prospective target businesses we have negotiated with, whereby such parties have waived any right, title, interest or claim of any kind they may have in or to any monies held in the trust fund, there is no guarantee that they will not seek recourse against the trust fund notwithstanding such agreements. Furthermore, there is no guarantee that a court will uphold the validity of such agreements. Accordingly, the proceeds held in trust could be subject to claims that could take priority over those of Endeavor's public stockholders. Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in Endeavor's bankruptcy estate and subject to the claims of third parties with priority over the claims of Endeavor's stockholders. To the extent any bankruptcy claims deplete the trust account, we cannot assure you we will be able to return to Endeavor's public stockholders at least \$7.97 per share.

If we do not consummate the business combination with American Apparel by December 15, 2007 and are forced to dissolve and liquidate, payments from the trust account to Endeavor's public stockholders may be delayed.

If we do not consummate the business combination with American Apparel by December 15, 2007, we will dissolve and liquidate. We anticipate that, promptly after such date, the following would occur:

Endeavor's board of directors will convene and adopt a specific plan of dissolution and liquidation, which it will then vote to recommend to Endeavor's stockholders; at such time it will also cause to be prepared a preliminary proxy statement setting out such plan of dissolution and liquidation as well as the board's recommendation of such plan;

we will promptly file Endeavor's preliminary proxy statement with the Securities and Exchange Commission;

Table of Contents

if the Securities and Exchange Commission does not review the preliminary proxy statement, then, 10 days following the filing of such preliminary proxy statement, we will mail the definitive proxy statement to Endeavor's stockholders, and 10 to 20 days following the mailing of such definitive proxy statement, we will convene a meeting of Endeavor's stockholders, at which they will vote on Endeavor's plan of dissolution and liquidation; and

if the Securities and Exchange Commission does review the preliminary proxy statement, we currently estimate that we will receive their comments 30 days after the filing of such proxy statement. We would then mail the definite proxy statement to Endeavor's stockholders following the conclusion of the comment and review process (the length of which we cannot predict with any certainty, and which may be substantial) and we will convene a meeting of Endeavor's stockholders at which they will vote on Endeavor's plan of dissolution and liquidation.

We expect that all costs associated with the implementation and completion of Endeavor's plan of dissolution and liquidation will be funded by any remaining net assets not held in the trust account, although we cannot assure you that there will be sufficient funds for such purpose. If such funds are insufficient, we anticipate that Endeavor's management will advance us the funds necessary to complete such dissolution and liquidation (currently anticipated to be no more than approximately \$50,000) and not seek reimbursements thereof.

We will not liquidate the trust account unless and until Endeavor's stockholders approve Endeavor's plan of dissolution and liquidation. Accordingly, the foregoing procedures may result in substantial delays in Endeavor's liquidation and the distribution to Endeavor's public stockholders of the funds in Endeavor's trust account and any remaining net assets as part of Endeavor's plan of dissolution and liquidation.

Endeavor's stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.

If we are unable to complete the business combination with American Apparel, we will dissolve and liquidate pursuant to Section 275 of the DGCL. Under Sections 280 through 282 of the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in dissolution. Pursuant to Section 280, if the corporation complies with certain procedures intended to ensure that it makes reasonable provisions for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of a stockholder with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of stockholder would be barred after the third anniversary of the dissolution. Although we will seek stockholder approval to liquidate the trust account to Endeavor's public stockholders as part of Endeavor's plan of dissolution and liquidation, we will seek to conclude this process as soon as possible and as a result do not intend to comply with those procedures. Because we will not be complying with those procedures, we are required, pursuant to Section 281 of the DGCL, to adopt a plan that will provide for Endeavor's payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. Accordingly, we would be required to provide for any creditors known to us at that time or those that we believe could be potentially brought against us within the subsequent 10 years prior to distributing the funds held in the trust to stockholders. We cannot assure you that we will properly assess all claims that may be potentially brought against us. As such, Endeavor's stockholders could potentially be liable for any claims to the extent of distributions received by them in dissolution (but no more) and any liability of Endeavor's stockholders may extend well beyond the third anniversary of such dissolution. Accordingly, we cannot assure you that third parties will not seek to recover from Endeavor's stockholders amounts owed to them by us.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us that are not dismissed, any distributions received by stockholders in Endeavor's dissolution might be viewed under applicable debtor/creditor or bankruptcy laws as either a preferential transfer or a fraudulent

Table of Contents

conveyance. As a result, a bankruptcy court could seek to recover all amounts received by Endeavor's stockholders in Endeavor's dissolution. Furthermore, because we intend to distribute the proceeds held in the trust account to Endeavor's public stockholders as soon as possible after Endeavor's dissolution, this may be viewed or interpreted as giving preference to Endeavor's public stockholders over any potential creditors with respect to access to or distributions from Endeavor's assets. Furthermore, Endeavor's board of directors may be viewed as having breached their fiduciary duties to Endeavor's creditors or may have acted in bad faith, and thereby exposing itself and Endeavor's company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors or complying with certain provisions of the DGCL with respect to Endeavor's dissolution and liquidation. We cannot assure you that claims will not be brought against us for these reasons.

Voting control by the combined companies' executive officers, directors and other affiliates may limit your ability to influence the outcome of director elections and other matters requiring stockholder approval.

Upon consummation of the acquisition, the persons who are parties to the voting agreement, Mr. Charney and the Endeavor Inside Stockholders, will own approximately 71.7% of Endeavor's voting stock. These persons have agreed to vote for each other's designees to Endeavor's board of directors through director elections in 2010. Accordingly, they will be able to control the election of directors and, therefore, Endeavor's policies and direction during the term of the voting agreement. This concentration of ownership and voting agreement could have the effect of delaying or preventing a change in Endeavor's control or discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material adverse effect on the market price of Endeavor's common stock or prevent Endeavor's stockholders from realizing a premium over the market price for their shares of common stock.

Table of Contents

FORWARD-LOOKING STATEMENTS

We believe that some of the information in this proxy statement constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. However, the safe-harbor provisions of that act do not apply to statements made in this proxy statement. You can identify these statements by forward-looking words such as may, expect, anticipate, contemplate, believe, estimate, and continue or similar words. You should read statements that contain these words carefully because they:

discuss future expectations;

contain projections of future results of operations or financial condition; or

state other forward-looking information.

We believe it is important to communicate Endeavor's expectations to Endeavor's stockholders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this proxy statement provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us or American Apparel in such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement.

All forward-looking statements included herein attributable to any of Endeavor, American Apparel or any person acting on either party's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, Endeavor and American Apparel undertake no obligations to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

Before you grant your proxy or instruct how your vote should be cast or vote on the adoption of the proposals, you should be aware that the occurrence of the events described in the