

Alternative Asset Management Acquisition Corp.
Form 10-Q
August 12, 2008

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2008.

or

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

For the transition period from _____ to _____

Commission file number 001-33629

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

20-8450938
(I.R.S. Employer
Identification No.)

590 Madison Avenue, 35th Floor, New York, NY 10022
(Address of Principal Executive Offices) (Zip Code)

(212) 409-2434
(Registrant's Telephone Number, Including Area Code)

N/A

Former Name, Former Address and Former Fiscal year, if Changed Since Last Report

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 31, 2008 there were 51,750,000 shares of common stock, par value \$.0001 per share, issued and outstanding.

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2008

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Forward-Looking Statements

This report, and the information incorporated by reference in it, include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words anticipate, believe, continue, could, estimate, expect, intend, may, might, plan, possible, potential, predict, project, should, would and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this report may include, for example, statements about our:

- *Ability to complete a business combination;*
- *Success in retaining or recruiting, or changes required in, our officers, key employees or directors following an initial business combination;*
- *Officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving our initial business combination, as a result of which they would then receive expense reimbursements;*
- *Potential ability to obtain additional financing to complete our initial business combination;*
- *Limited pool of prospective target businesses;*
- *The ability of our officers and directors to generate a number of potential investment opportunities;*
- *Potential change in control if we acquire one or more target businesses for stock;*
- *Our public securities potential liquidity and trading;*
- *The delisting of our securities from the American Stock Exchange or the ability to have our securities listed on the American Stock Exchange following our initial business combination;*
- *Use of proceeds not held in the trust account or available to us from interest income on the trust account balance; or*
- *Financial performance.*

The forward-looking statements contained or incorporated by reference in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those

expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading *Risk Factors* (refer to Part II, Item 1A). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

References in this report to *we*, *us* or *our company* refer to Alternative Asset Management Acquisition Corp. References to *public stockholders* refer to holders of shares of common stock sold as part of the units in our initial public offering, including any of our stockholders existing prior to the initial public offering to the extent that they purchased or acquired such shares.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP. (a development stage company) Condensed Balance Sheets

	June 30, 2008	December 31, 2007
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 706,298	\$ 1,147,585
Cash held in trust account, interest and dividend income available for working capital and taxes	937,126	3,401,744
Prepaid corporate taxes	720,591	--
Prepaid expenses	154,265	186,499
Total current assets	2,518,280	4,735,828
Other Assets		
Cash held in trust account, restricted	404,386,180	402,948,395
Corporate tax refund receivable due to trust account	1,019,916	507,583
Total assets	\$ 407,924,376	\$ 408,191,806
Liabilities and stockholders' equity		
Current liabilities:		
Accrued expenses	\$ 612,784	\$ 155,689
Corporate taxes payable	--	2,113,749
Total current liabilities	612,784	2,269,438

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Common stock subject to possible conversion (12,419,999 shares at conversion value)	121,837,996	120,884,509
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Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value, authorized 1,000,000 shares; none issued	--	--
Common stock, \$0.0001 par value; authorized 120,000,000 shares; issued and outstanding 51,750,000 shares (less 12,419,999 subject to possible conversion)	3,933	3,933
Additional paid-in capital	280,368,448	281,321,935
Earnings accumulated during development stage	5,101,215	3,711,991
	<hr/>	<hr/>
Total stockholders' equity	285,473,596	285,037,859
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 407,924,376	\$ 408,191,806
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The accompanying notes are an integral part of these condensed financial statements.

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ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.
(a development stage company)
Condensed Statements of Operations
(Unaudited)

	For the three months ended June 30, 2008	For the three months ended June 30, 2007	For the six months ended June 30, 2008	Period from January 26, 2007 (inception) through June 30, 2007	Period from January 26, 2007 (inception) through June 30, 2008
Revenue	\$ --	\$ --	\$ --	\$ --	\$ --
Formation and operating costs	1,660,150	--	1,887,448	1,000	2,284,255
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Loss from operations	(1,660,150)	--	(1,887,448)	(1,000)	(2,284,255)
Interest and dividend income	1,414,888	--	3,992,750	--	11,006,713
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net (loss) income before provision for					

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income taxes	(245,262)	--	2,105,302	(1,000)	8,722,458
(Benefit) Provision for income taxes	(83,389)	--	716,078	--	3,621,243
Net (loss) income	(161,873)	--	1,389,224	(1,000)	5,101,215
Accretion of trust account relating to common stock subject to conversion	(435,857)	--	(953,487)	--	(1,110,506)
Net (loss) income attributable to common stockholders	\$ (597,730)	\$ --	\$ 435,737	\$ (1,000)	\$ 3,990,709
Weighted average number of common shares outstanding- basic and diluted	39,330,001	10,350,000	39,330,001	10,350,000	
Basic and diluted net (loss) income per share	(\$ 0.02)	\$ 0.00	\$ 0.01	(\$ 0.00)	

The accompanying notes are an integral part of these condensed financial statements.

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ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.
(a development stage company)
Condensed Statements of Changes in Stockholders Equity
(Unaudited)
For the Period January 26, 2007 (inception) through June 30, 2008

	Common Stock		Additional paid-in capital ⁽¹⁾	Earnings accumulated during development stage	Total stockholders equity
	Shares	Amount			
Balance, January 26, 2007 (inception)		\$	\$	\$	\$

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Common stock issued at inception at \$0.0024 per share ⁽¹⁾	10,350,000	1,035	23,965		25,000
Sale of 41,400,000 units, net of underwriters discount and offering expenses (includes 12,419,999 shares subject to possible conversion)	41,400,000	4,140	397,556,237		397,560,377
Proceeds subject to possible conversion of 12,419,999 shares		(1,242)	(120,883,267)		(120,884,509)
Proceeds from issuance of sponsors warrants			4,625,000		4,625,000
Net income for the period January 26, 2007 (inception) through December 31, 2007				3,711,991	3,711,991
Balance, December 31, 2007	51,750,000	3,933	281,321,935	3,711,991	285,037,859
Accretion of income to shares subject to possible conversion			(953,487)		(953,487)
Net income for the six months ended June 30, 2008				1,389,224	1,389,224
Balance June 30, 2008 (Unaudited)	51,750,000	\$ 3,933	\$ 280,368,448	\$ 5,101,215	\$ 285,473,596

The accompanying notes are an integral part of these condensed financial statements.

(Unaudited)

	For the six months ended June 30, 2008	Period from January 26, 2007 (inception) through June 30, 2007	Period from January 26, 2007 (inception) through June 30, 2008
Cash Flows from Operating Activities			
Net income	\$ 1,389,224	\$ (1,000)	\$ 5,101,215
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Changes in operating assets and liabilities:			
Accrued expenses	457,095	1,000	612,784
Prepaid expenses	32,234	-	(154,265)
Prepaid corporate taxes	(720,591)	-	(720,591)
Corporate taxes payable	(2,113,749)	-	-
	<u>(955,787)</u>	<u>-</u>	<u>4,839,143</u>
Net cash provided by (used in) operating activities			
Cash Flows from Investing Activities			
Cash held in trust account, restricted	(1,437,785)	-	(404,386,180)
Cash held in trust account, interest and dividend income available for working capital	2,464,618	-	(937,126)
Corporate tax refund receivable due to trust account	(512,333)	-	(1,019,916)
	<u>514,500</u>	<u>-</u>	<u>(406,343,222)</u>
Net cash provided by (used in) investing activities			
Cash Flows from Financing Activities			
Proceeds from issuance of stock to initial stockholders	-	25,000	25,000
Gross proceeds from initial public offering shares	-	-	414,000,000
Proceeds from notes payable, stockholders	-	175,000	175,000
Repayment of notes payable, stockholders	-	-	(175,000)
Proceeds from issuance of sponsors' warrants	-	-	4,625,000
Payment of underwriter's discounts and offering costs	-	(74,811)	(16,439,623)
	<u>-</u>	<u>125,189</u>	<u>402,210,377</u>
Net cash provided by financing activities			
Net (decrease) increase in cash	(441,287)	125,189	706,298
Cash at beginning of the period	1,147,585	-	-
	<u>1,147,585</u>	<u>-</u>	<u>-</u>
Cash at end of the period	\$ 706,298	\$ 125,189	\$ 706,298
	<u>\$ 706,298</u>	<u>\$ 125,189</u>	<u>\$ 706,298</u>

Supplemental disclosure of cash flow information

Cash paid during the period for:

Income taxes	\$ 4,062,750	\$ -	\$ 5,361,750
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The accompanying notes are an integral part of these condensed financial statements.

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ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.
(a development stage company)

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - INTERIM FINANCIAL INFORMATION

These unaudited condensed financial statements as of June 30, 2008 and for the three and six month periods ending June 30, 2008, and for the three months ended June 30, 2007 and for the period from January 26, 2007 (inception) through June 30, 2007 and for the period from January 26, 2007 (inception) through June 30, 2008, have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim period presented are not necessarily indicative of the results to be expected for any other interim period or for the full year.

These unaudited condensed financial statements should be read in conjunction with the financial statements and notes thereto for the period ended December 31, 2007 included in Alternative Asset Management Acquisition Corp.'s Form 10-K filed on March 31, 2008. The accounting policies used in preparing these unaudited condensed financial statements are consistent with those described in the December 31, 2007 financial statements.

NOTE 2 - ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Alternative Asset Management Acquisition Corp. (the Company) was incorporated in Delaware on January 26, 2007 as a blank check company formed for the purpose of acquiring through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, one or more businesses or assets in the alternative asset management sector or related business (a Business Combination). On February 22, 2007, the Company changed its name from Hanover Group Acquisition Corp. to Hanover-STC Acquisition Corp. On July 6, 2007, the Company changed its name from Hanover-STC Acquisition Corp. to Alternative Asset Management Acquisition Corp.

The Company's financial statements have been retroactively restated to reflect the effect of a stock dividend of 0.22667 shares of common stock per share of outstanding common stock issued on July 5, 2007, the effect of a stock dividend of 0.5 shares of common stock per share of outstanding common stock issued on July 27, 2007, and the effect of a stock dividend of 0.2 shares of common

stock per share of outstanding common stock issued on August 1, 2007 (See Note 7).

The Company has selected December 31 as its fiscal year end.

All activity from January 26, 2007 (inception) through August 7, 2007 relates to the Company's formation and the initial public offering (the Offering) described below. Since August 8, 2007, the Company has been searching for an acquisition candidate.

The registration statement for the Offering was declared effective on August 1, 2007. The Company consummated the Offering on August 7, 2007 and received net proceeds of \$397,560,377 (after deducting offering costs of \$16,439,623) and \$4,625,000 from the sale of the sponsor warrants on a private placement basis (see Note 3). The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a Business Combination. There is no assurance that the Company will be able to successfully affect a Business

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.
(a development stage company)

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Combination. An amount of \$402,425,000, or approximately \$9.72 per Unit (defined below) of the net proceeds of the Offering and the sale of the sponsor's warrants (see Note 3), was placed in a trust account (Trust Account) and was invested in United States government securities within the meaning of Section 2(a) (16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 until the earlier of (i) the consummation of its first Business Combination or (ii) liquidation of the Company. Pursuant to the terms of the underwriting agreement relating to the Offering, the funds placed in the Trust Account include \$13,455,000 of deferred underwriting fees and commissions (see Note 3). The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors (other than its independent registered public accountants), prospective target businesses or other entities it engages, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements. Two of the Company's officers have agreed that they will be personally liable under certain circumstances to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or vendors or other entities that are owed money by the Company for services rendered, contracted for or products sold to the Company. However, the agreement entered into by two of the Company's officers specifically provides for two exceptions to this indemnity: there will be no liability (1) as to any claimed amounts owed to a third party who executed a waiver (even if such waiver is subsequently found to be invalid and unenforceable) or (2) as to any claims under the Company's indemnity of the underwriters of the Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended. However, there can be no assurance that they will be able to satisfy those obligations.

The remaining net proceeds of the Offering (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Except with respect to interest income that may be released to the Company of (i) up to \$3,500,000 of the interest accrued on the amounts held in the Trust Account (net of tax, if any, payable by the Company with respect to such interest) will be released to the Company in monthly installments to fund expenses related to investigating and selecting a target business or businesses and the Company's other working capital requirements and (ii) any additional amounts needed to pay income or other tax obligations, provided, however, that the aggregate amount of all such distributions for working capital and tax payments shall not exceed the total interest income earned; the proceeds of the Offering held in trust will not be released from the Trust Account until the earlier of the completion of a Business Combination or the Company's liquidation. As of June 30, 2008, \$8,078,366 of the interest income earned in the Trust Account has been released to the Company for taxes and working capital purposes. Although \$10,976,671 of interest has been earned on the Trust Account, only \$1,961,180 is included in the Cash held in trust account, restricted. The balance of the undistributed interest and dividend income is shown as cash held in trust account, dividend and interest, available for working capital and taxes.

The Company, after signing a definitive agreement for a Business Combination with a target business or businesses, is required to submit such transaction for stockholder approval. Pursuant to the Company's certificate of amendment, in the event that the stockholders owning 30% or more of the shares sold in the Offering vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated. All of the Company's stockholders prior to the Offering, including all of the officers and directors of the Company (Initial Stockholders), have agreed to vote all of their founders' common stock (the Founders' Common Stock) in accordance with the vote of the majority in interest of all other stockholders of the Company.

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(a development stage company)

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Public Stockholders) with respect to any Business Combination. After consummation of a Business Combination, these voting safeguards will no longer apply.

In connection with the Offering, OHL Limited (formerly Hanover Overseas Limited), STC Investment Holdings LLC, an entity affiliated with Michael J. Levitt, the Company's chairman of the board, and Jonathan I. Berger, one of the Company's directors, and Solar Capital, LLC, an entity affiliated with Michael S. Gross, one of the Company's directors, entered into agreements with Citigroup Global Markets Inc. (the Buyback Agreements), in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, pursuant to which they each agreed to place limit orders for up to \$10.0 million of the Company's common stock, or \$30.0 million in the aggregate, commencing ten business days after the Company filed its Current Report on Form 8-K announcing its execution of a definitive agreement for a Business Combination and ending on the business day immediately

preceding the record date for the meeting of stockholders at which such Business Combination is to be approved, or earlier in certain circumstances (the Buyback Period). The Company filed a Current Report on Form 8-K on March 13, 2008 relating to its execution of a definitive agreement with Halcyon Asset Management LLC and certain of its affiliates (collectively, Halcyon) relating to an initial business combination. As a result, the Buyback Period began on March 28, 2008. These limit orders required the stockholders to purchase any of the Company s shares of common stock offered for sale at or below a price equal to the per share amount held in the Trust Account as reported in such Form 8-K, until the earlier of the expiration of the Buyback Period or until such purchases reach \$30.0 million in total. In connection with the termination of the purchase agreement with Halcyon (see Note 8) the Buyback Agreements were terminated on June 23, 2008. Each of STC Investment Holdings LLC and Solar Capital, LLC purchased 286,400 shares of common stock and OHL Limited purchased 287,800 shares of the Company s common stock pursuant to the Buyback Agreements. Each of these stockholders may vote these shares in any way they choose at the stockholders meeting to approve the Business Combination. As a result, OHL Limited, STC Investment Holdings LLC and Solar Capital, LLC may be able to influence the outcome of a specific Business Combination.

However, these stockholders will not be permitted to exercise conversion rights in the event they vote against a Business Combination that is approved; provided that these stockholders will participate in any liquidation distributions with respect to any shares of common stock purchased by them following consummation of the Offering, including shares purchased pursuant to such limit orders, in the event the Company fails to complete a Business Combination. In addition, these stockholders have agreed that they will not sell or transfer any shares of common stock purchased by them pursuant to these agreements until one year after the Company has completed a Business Combination. The stock purchases made pursuant to the limit orders described above are not anticipated to have any effect upon the Company or its financial statements.

With respect to a Business Combination which is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company convert his or her shares into cash from the Trust Account. The per share conversion price will equal the amount in the Trust Account, calculated as of two business days prior to the consummation of the proposed Business Combination, divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding up to 30% of the aggregate

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NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

number of shares owned by all Public Stockholders (minus one share) may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by Initial Stockholders. The Company s Certificate of Incorporation was amended on August 1, 2007 to

provide that the Company will continue in existence only until 24 months from the effective date of the registration statement relating to the Offering (Effective Date), or August 1, 2009. If the Company has not completed a Business Combination by such date, its corporate existence will cease except for the purposes of liquidating and winding up its affairs. In the event of liquidation, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per Unit in the Offering.

The Initial Stockholders have waived their rights to participate in any liquidation distribution, but only with respect to those shares of common stock owned by them prior to the Offering; they will participate in any liquidation distribution with respect to any shares of common stock acquired in connection with or following the Offering.

Cash held in Trust Account- restricted

The Company considers the restricted portion of the funds held in the Trust Account as being a non-current asset. A current asset is one that is reasonably expected to be used to pay current liabilities, such as accounts payable or short-term debt or to pay current operating expenses, or will be used to acquire other current assets. Since the acquisition of a business is principally considered to be a long- term purpose, with long-term assets such as property and intangibles, typically being a major part of the acquired assets, the Company has reported the funds anticipated to be used in the acquisition as a non-current asset.

Accretion of trust account relating to common stock subject to possible conversion

The Company records accretion of the income earned in the trust account relating to the common stock subject to possible conversion based on the excess of the earnings for the period over the amount which is available to be used for working capital and taxes. Since 30% (less one share) of the shares issued in the Offering are subject to possible conversion, the portion of the excess earnings related to those shares are reflected on the balance sheet as part of the Common stock subject to possible conversion and is deducted from Additional paid-in capital . The portion of the excess earnings is also presented as a deduction from net income on the Statements of Operations to appropriately reflect the amount of net income which would remain available to the common stockholders who did not elect to convert their shares to cash.

Earnings Per Share

The Company follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share . In accordance with SFAS No. 128, earnings per common share amounts (Basic EPS) is computed by dividing earnings by the weighted average number of common shares outstanding for the period. Common shares subject to possible conversion of 12,419,999 have been excluded from the calculation of basic earnings per share since such shares, if redeemed, only participate in their pro rata shares of the trust earnings. Earnings per common share amounts, assuming dilution (Diluted EPS), gives effect to dilutive options, warrants, and other potential common stock outstanding during the period. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the statements of operations. In accordance with SFAS No. 128, the Company has

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.
(a development stage company)

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

not considered the effect of its outstanding Warrants in the calculation of diluted earnings per share since the exercise of the Warrants is contingent upon the occurrence of future events.

Stock Based Compensation

The Company accounts for stock options and warrants using the fair value recognition provisions of SFAS No. 123 (Revised 2004), Share-Based Payment, (SFAS 123(R)). SFAS 123(R) addresses all forms of share based compensation awards including shares issued under employment stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS 123(R), share based payment awards will be measured at fair value on the awards grant date, based on estimated number of awards that are expected to vest and will be reflected as compensation expense in the financial statements.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

SFAS No. 105, Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk , requires disclosure of significant concentrations of credit risk regardless of the degree of risk. At June 30, 2008, financial instruments that potentially expose the Company to credit risk consist of cash. The Company maintains its cash balances in a major financial institution. The Federal Deposit Insurance Corporation insures balances in bank accounts up to \$100,000 and the Securities Investor Protection Corporation insures balances up to \$500,000 in brokerage accounts.

Offering Costs

Offering costs of \$16,439,623 consist of underwriters' discount, legal fees, printing costs and travel expenses incurred through the balance sheet date that are related to the Offering and were charged to capital at the time of the closing of the Offering.

Recently Issued and Adopted Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurements, and requires new disclosures of assets and liabilities measured at fair

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.
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NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements (continued)

value based on their level in the hierarchy. This statement applies under other accounting pronouncements that require or permit fair value measurements. In February 2008, the FASB issued FASB Staff Positions (FSPs) No. 157-1 and No. 157-2, which respectively, remove leasing transactions from the scope of SFAS No. 157 and defer its effective date for one year relative to certain nonfinancial assets and liabilities. As a result, the application of the definition of fair value and related disclosures of SFAS No. 157 (as impacted by these two FSPs) was effective for the Company beginning January 1, 2008 on a prospective basis with respect to fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company's financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. This adoption did not have a material impact on the Company's results of operations or financial condition. The remaining aspects of SFAS No. 157 for which the effective date was deferred under FSP No. 157-2 are currently being evaluated by the company. Areas impacted by the deferral relate to nonfinancial assets and liabilities that are measured at fair value, but are recognized or disclosed at fair value on a nonrecurring basis. This deferral applies to such items as nonfinancial assets and liabilities initially measured at fair value in a business combination (but not measured at fair value in subsequent periods) or nonfinancial long-lived asset groups measured at fair value for an impairment assessment. The effects of these remaining aspects of SFAS No. 157 are to be applied to fair value measurements prospectively beginning January 1, 2009. The Company does not expect them to have a material impact on the Company's results of operations or financial condition.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133, (SFAS 161) as amended and interpreted, which requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format provides a more complete picture of the location in an entity's financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial

statements issued for fiscal years and interim periods beginning after November 15, 2008. Early adoption is permitted, but not expected. Management is evaluating the potential effect this guidance may have on the Company's financial condition and results of operations.

In April 2008, the FASB issued FSP FAS No. 142-3, which amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under FAS No. 142, Goodwill and Other Intangible Assets. The FSP requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset, and is an attempt to improve consistency between the useful life of a recognized intangible asset under FAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under FAS No. 141, Business Combinations. The FSP is effective for fiscal years beginning after December 15, 2008, and the guidance for determining the useful life of a recognized intangible asset must be applied prospectively to intangible assets acquired after the effective date. The FSP is not expected to have a significant impact on the Company's results of operations, financial condition or liquidity.

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NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements (continued)

In June 2008, the FASB issued FSP Emerging Issues Task Force (EITF) No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. Under the FSP, unvested share-based payment awards that contain rights to receive nonforfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing EPS. The FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years, and is not expected to have a significant impact on the Company's results of operations, financial condition or liquidity.

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

NOTE 3 - INITIAL PUBLIC OFFERING

The registration statement for the Offering was declared effective on August 1, 2007. The Company consummated the Offering on August 7, 2007 and received net proceeds of \$397,560,377 from the sale of the units (the Units) and \$4,625,000 from the sale of the sponsors' warrants (defined below) on a private placement basis. The Company sold 41,400,000 Units, including 5,400,000 Units pursuant to the underwriters' over-allotment option, at the offering price of \$10.00 per Unit. Each Unit consists of one share of the Company's common stock and one Redeemable Common Stock Purchase Warrant (Warrant). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$7.50 commencing the later of the completion of a

Business Combination or fifteen months from the Effective Date, or November 1, 2008 and expiring five years from the Effective Date, or July 31, 2012.

The Company may redeem the Warrants, at a price of \$0.01 per Warrant upon 30 days notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$14.25 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which the notice of redemption is given. In accordance with the warrant agreement relating to the Warrants, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the Warrants may expire unexercised and unredeemed.

The Company entered into an agreement with the underwriters of the Offering (the Underwriting Agreement). The Underwriting Agreement required the Company to pay 3.75% of the gross proceeds of the Offering as an underwriting discount plus an additional 3.25% of the gross proceeds only upon consummation of a Business Combination. The Company paid an underwriting discount of 3.75% of the gross proceeds (\$15,525,000) in connection with the consummation of the Offering and has placed 3.25% of the gross proceeds (\$13,455,000) in the Trust Account. The Company did not pay any discount related to the warrants sold in the private placement. The underwriters have waived their right

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NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 3 - INITIAL PUBLIC OFFERING (CONTINUED)

to receive payment of the 3.25% of the gross proceeds upon the Company's liquidation if it is unable to complete a Business Combination.

Pursuant to a Sponsors' Warrants Securities Purchase Agreement dated July 6, 2007, certain of the Initial Stockholders have purchased from the Company, in the aggregate, 4,625,000 warrants for \$4,625,000 (the Sponsors' Warrants). The purchase and issuance of the Sponsors' Warrants occurred simultaneously with the consummation of the Offering on a private placement basis. All of the proceeds the Company received from these purchases were placed in the Trust Account. The Sponsors' Warrants are identical to the Warrants included in the Units sold in the Offering, except that (i) the Sponsors' Warrants are non-redeemable so long as they are held by any of the sponsors or their permitted transferees and (ii) they will not be exercisable while they are subject to certain transfer restrictions. If the Company does not complete a Business Combination then the \$4,625,000 paid in consideration for the Sponsors' Warrants will be part of the liquidating distribution to the Company's Public Stockholders, and the Sponsors' Warrants will expire worthless. The purchasers of the Sponsors' Warrants have agreed that the Sponsors' Warrants will not be sold or transferred by

them until after the Company has completed a Business Combination.

Pursuant to a Registration Rights Agreement dated August 1, 2007, the Initial Stockholders, holders of the Sponsors' Warrants (or underlying securities) and holders of shares purchased in accordance with the Buyback Agreements will be entitled to registration rights with respect to the Founders' Common Stock, Sponsors' Warrants (or underlying securities) and the shares of Company common stock purchased in accordance with the Buyback Agreements, as the case may be. The holders of the majority of the Founders' Common Stock are entitled to elect to exercise these registration rights at any time commencing nine months after the consummation of a Business Combination, or earlier in certain circumstances. The holders of the Sponsors' Warrants (or underlying securities) are entitled to demand that the Company register such securities at any time after the Company consummates a Business Combination. The holders of shares purchased in accordance with the Buyback Agreements are entitled to demand that the Company register such securities commencing nine months after the Company consummates a Business Combination. In addition, these holders have certain piggyback registration rights on registration statements filed after the Company's consummation of a Business Combination.

NOTE 4 - INCOME TAXES

On January 26, 2007, the Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, Accounting for Income Taxes, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

The Company has identified its federal tax return as its major tax jurisdiction, as defined. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. Since the Company was incorporated on January 26, 2007 the evaluation was performed for the 2007 tax year. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position. No liability for

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NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 4 - INCOME TAXES (CONTINUED)

unrecognized tax benefits was required to be reported as of June 30, 2008.

The Company's policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense. There were no amounts accrued for penalties or

interest as of or during the period from January 26, 2007 (inception) through June 30, 2008. The Company does not expect its unrecognized tax benefit position to change during the next twelve months. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position. The adoption of the provisions of FIN 48 did not have a material impact on the Company's financial position, results of operations and cash flows.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Company presently utilizes administrative services provided by an affiliate of one of the Company's executive officers. Such affiliate has agreed that, until the Company consummates a Business Combination, it will make such administrative services available to the Company, as may be required by the Company from time to time. The Company has agreed to pay such affiliate \$10,000 per month for such services commencing on August 1, 2007. For the six month period ended June 30, 2008 and the period from August 1, 2007 through June 30, 2008, rent expense amounted to \$60,000 and \$110,000, respectively, and is included in accrued expenses.

The Company has a commitment to pay a total underwriting discount of 7% of the public offering price. The payment to the underwriters representing 3.25% of the gross proceeds from the Offering will be deferred until the Company consummates a Business Combination.

Pursuant to letter agreements dated July 31, 2007 with the Company, the Initial Stockholders have waived their right to receive distributions with respect to the Founders' Common Stock upon the Company's liquidation. They will participate in any liquidation distribution with respect to any shares of common stock acquired in connection with or following the Offering.

The Initial Stockholders, holders of the Sponsors' Warrants (or underlying securities) and holders of shares of common stock purchased in accordance with the Buyback Agreements are entitled to registration rights with respect to the Founders' Common Stock, Sponsors' Warrants (or underlying securities) and shares of common stock purchased in accordance with the Buyback Agreements, as the case may be, pursuant to an agreement signed on the effective date of the Offering. The holders of the majority of the Founders' Common Stock and holders of shares of common stock purchased in accordance with the Buyback Agreements are entitled to elect to exercise these registration rights at any time commencing nine months after the consummation of our Business Combination (or earlier in certain circumstances with respect to the Founders' Common Stock). The holders of the Sponsors' Warrants (or underlying securities) are entitled to demand that the Company register such securities at any time after the Company consummates a Business Combination. In addition, these holders have certain piggyback registration rights on registration statements filed after the Company's consummation of a Business Combination.

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NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 6 - PREFERRED STOCK

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

The Company's certificate of incorporation prohibits it, prior to a Business Combination, from issuing preferred stock which participates in the proceeds of the Trust Account or which votes as a class with the Common Stock on a Business Combination.

NOTE 7- COMMON STOCK

On July 27, 2007, the Company's Certificate of Incorporation was amended to reflect an increase in the authorized shares of common stock from 60,000,000 shares of common stock to 120,000,000 shares of common stock. All references in the accompanying financial statements as of December 31, 2007 and for the period January 26, 2007 (inception) through December 31, 2007 to the number of shares of common stock have been retroactively restated to reflect this transaction.

On February 25, 2007, the Company issued 10,350,000 shares of common stock to its Initial Stockholders (after giving effect to stock dividends of 0.226667 shares per share of outstanding common stock issued on July 5, 2007, 0.5 shares per share of outstanding common stock issued on July 27, 2007 and 0.2 shares per share of outstanding common stock issued on August 1, 2007), for \$25,000 in cash, at a purchase price of approximately \$0.002 per share.

NOTE 8 - BUSINESS COMBINATION

On March 12, 2008 the Company entered into a purchase agreement (the "Purchase Agreement") pursuant to which it agreed to acquire a majority interest in a newly formed entity which would own all of the management and fee generating entities affiliated with Halcyon Asset Management, LLC, a global alternative asset management firm ("Halcyon").

On June 23, 2008, the Company entered into an agreement with Halcyon (the "Termination Agreement") to mutually terminate the Purchase Agreement. Total costs incurred related to the terminated acquisition were \$1,419,216. Under the terms of the Termination Agreement, the Company and Halcyon agreed to a release of any claims against each other, as more fully set forth in the Termination Agreement and the Company agreed to reimburse Halcyon for \$1,000,000 of its expenses in the event that the Company consummates a Business Combination on or prior to August 1, 2009.

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

The following discussion should be read in conjunction with our Condensed Financial Statements and footnotes thereto contained in this report.

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding

our financial position, business strategy and the plans and objectives of management for future operations, are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this Form 10-Q, words such as anticipate, believe, estimate, expect, intend and similar expressions, as they relate to us or our management identify forward looking statements. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those contemplated by the forward looking statements as a result of certain factors detailed in our filings with the Securities and Exchange Commission (the SEC). All subsequent written or oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

Overview

We were formed under the laws of the State of Delaware on January 26, 2007 to acquire through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more business or assets in the alternative asset management sector or a related business. We intend to utilize cash derived from the proceeds of our initial public offering and the private placement of our sponsors warrants, our capital stock, debt or a combination of cash, capital stock and debt in effecting a business combination. On February 22, 2007 the company changed its name from Hanover Group Acquisition Corp. to Hanover-STC Acquisition Corp. On July 6, 2007, the company changed its name from Hanover-STC Acquisition Corp. to Alternative Asset Management Acquisition Corp.

On August 7, 2007, we completed our initial public offering of 41,400,000 units, including 5,400,000 units pursuant to the underwriters over-allotment option, at \$10.00 per unit. In conjunction with the consummation of the initial public offering we sold an aggregate of 4,625,000 sponsors warrants to certain existing shareholders pursuant to a sponsors warrant purchase agreement dated July 6, 2007 on a private placement basis at a price of \$1.00 per warrant, for an aggregate price of \$4,625,000. The total gross proceeds from the initial public offering, excluding the warrants sold on a private placement basis amounted to \$414,000,000. After the payment of offering expenses, the net proceeds to us amounted to \$397,560,377. Each unit consists of one share of our common stock, \$.0001 par value, and one redeemable common stock purchase warrant. Each warrant entitles the holder to purchase from us one share of common stock at an exercise price of \$7.50 commencing the later of the completion of an initial business combination or fifteen months from the effective date of the initial public offering (November 1, 2008) and expiring five years from the effective date of the initial public offering (July 31, 2012). The warrants will be redeemable by us, at a price of \$.01 per warrant upon 30 days notice after the warrants become exercisable, only in the event that the last sale price of the common stock is at least \$14.25 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given.

Business Combination

On March 12, 2008 we entered into a purchase agreement (the Purchase Agreement) pursuant to which we agreed to acquire a majority interest in a newly formed entity which would own all of the management and fee generating entities affiliated with Halcyon Asset Management, LLC, a global alternative asset management firm (Halcyon).

On June 23, 2008, the Company entered into an agreement with Halcyon (the Termination Agreement) to mutually terminate the Purchase Agreement. Under the terms of the Termination Agreement, the Company and

Halcyon agreed to a release of any claims against each other, as more fully set forth in the Termination Agreement. The Company is currently evaluating other target businesses for a potential business combination.

Results of Operations and Known Trends or Future Events

For the three months and six months ended June 30, 2008 and for the period from January 26, 2007 (inception) to June 30, 2008, we had net (loss) income of (\$161,873), \$1,389,224 and \$5,101,215, respectively. Our income was all derived from interest and dividends earned on the net proceeds of our initial public offering. For the period from January 26, 2007 (inception) to June 30, 2007 we had net loss of \$1,000.

We incurred \$1,887,448 and \$2,284,255 in formation and operating costs during the six months ended June 30, 2008 and for the period from January 26, 2007 (inception) to June 30, 2008, respectively. These costs consisted of approximately \$1,419,000 of terminated acquisition related costs, \$201,000 of legal and accounting, \$57,000 for director and officer insurance, \$60,000 for administrative services, \$82,000 for taxes and the balance of \$68,000 for other miscellaneous expenses for the six month period ended June 30, 2008. For the three months ended June 30, 2008, we expensed approximately \$1,419,000 of previously deferred terminated acquisition costs, \$155,000 of corporate, legal and accounting expenses, \$29,000 of insurance costs, and \$57,000 of administrative and traveling costs.

All activity from January 26, 2007 (inception) through August 7, 2007 related to our formation and our initial public offering described above. Since August 8, 2007, we have been searching for a target company to acquire. On March 12, 2008 we entered into a definitive agreement to enter into an initial business combination with Halcyon. On June 23, 2008 we terminated that definitive agreement with Halcyon and we and Halcyon agreed to a release of any claims against each other. Costs associated with the acquisition in the amount of approximately \$1,419,216 have been expensed. We believe that we have sufficient funds available to complete our efforts to affect an initial business combination with an operating business within the required 24 months from the date of our final prospectus, or August 1, 2009.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

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

Contractual Obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations, purchase obligations or other long-term liabilities.

Liquidity and Capital Resources

As of June 30, 2008, we had cash of \$706,298 and restricted cash of \$404,386,180 which is held in a trust account. Until our initial public offering, as described above, our only source of liquidity was the proceeds from the initial private sale of our stock and the subsequent loan made by a stockholder. As of June 30, 2008, we had repaid this loan. Since our initial public offering, our only source of revenue has been from the interest and dividends earned on our cash accounts. The proceeds from our initial public offering that were placed in a trust account were invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. As of June 30, 2008 the funds placed in trust are earning

interest at the rate of approximately 1.44%.

Subject to our stockholders' approval, we will use substantially all of the net proceeds of our initial public offering in connection with acquiring one or more target businesses, including identifying and evaluating prospective target businesses, selecting one or more target businesses, and structuring, negotiating and consummating the initial business combination. To the extent we use our capital stock in whole or in part as consideration for an initial business combination, the proceeds held in the trust account (less amounts paid to any public stockholders who exercise their conversion rights and deferred underwriting discounts and commissions paid to the underwriters) as well as any other net proceeds not expended prior to that time will be used to finance the operations of the target business or businesses. Such working capital funds could be used in a variety of ways including continuing or expanding the target business operations and for strategic acquisitions. Such funds could also be used to repay any operating expenses or finders fees which we had incurred prior to the completion of our initial business combination if the funds available to us outside of the trust account were insufficient to cover such expenses.

We expect our primary liquidity requirements to include approximately \$800,000 for expenses for the due diligence and investigation of a target business or businesses; an aggregate of \$240,000 for office space, administrative services and support payable to Hanover Group US LLC, representing \$10,000 per month for up to 24 months; \$120,000 for legal and accounting fees relating to our SEC reporting obligations; and approximately \$2,365,000 for general working capital that will be used for legal fees in connection with structuring and negotiating a business combination transaction, preparing SEC filings in connection with a business combination and miscellaneous expenses. However, if our estimate of the costs of undertaking in-depth due diligence and negotiating an initial business combination is less than the actual amount necessary to do so, or if interest payments are not available to fund the expenses at the time we incur them, we may be required to raise additional capital, the amount, availability and cost of which is currently unascertainable. Moreover, we may need to obtain additional financing either to consummate our initial business combination or because we become obligated to convert into cash a significant number of shares of public stockholders voting against our initial business combination, in which case we may issue additional securities or incur debt in connection with such business combination. Following our initial business combination, if cash on hand is insufficient, we may need to obtain additional financing in order to meet our obligations.

As of June 30, 2008, we had withdrawn \$8,078,366 of the interest and dividends earned on the funds held in our trust account. Pursuant to the terms of our trust agreement governing our trust account, we are entitled to use up to \$3,500,000 of the earnings (subject to restrictions for monies needed to pay income and franchise tax liabilities) for working capital, provided, however, that the aggregate amount of all such distributions for working capital and income tax payments shall not exceed the total earnings. Of the funds withdrawn, \$5,461,794 was for taxes. Therefore, up to \$883,428 is still to be remitted, for working capital purposes, to our operating account which had a balance of \$706,298 as of June 30, 2008. Once the \$883,428 is distributed, only distributions to pay tax liabilities will be allowed. We have refunds due of \$1,019,916 on the state and city tax estimates we have made, which will be returned back to the Trust Account upon receipt. Our liabilities are all related to costs associated with operating as a public company and searching for an acquisition target. We believe our working capital will continue to be sufficient to fund our operations until a target is acquired.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

As of June 30, 2008, our efforts were limited to organizational activities, activities relating to our initial public offering, activities involving searching for an acquisition target and activities relating to the proposed business combination with Halcyon, which has subsequently been terminated and we had neither engaged in any income producing operations nor generated any revenues other than the interest earned on the proceeds of our initial public

offering.

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices, and/or equity prices. Approximately \$402.4 million of the net offering proceeds (which includes \$13.5 million of the proceeds attributable to the underwriters' deferred discount from our initial public offering) has been placed in a trust account at Citigroup Global Markets Inc., with the Continental Stock Transfer & Trust Company as trustee. As of June 30, 2008, the balance of the trust account was \$405,323,306 (of which \$937,126 was available for working capital and taxes). The proceeds of our initial public offering held in trust have only been invested in U.S. government securities within the meaning of Section 2(a)(16) of the Investment

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Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Thus, we are currently subject to market risk primarily through the effect of changes in interest rates on short-term government securities and other highly rated money-market instruments. As of June 30, 2008, the effective annualized interest rate payable on our investment was approximately 1.44%. Assuming no other changes to our holdings as of June 30, 2008, a 1% decrease in the underlying interest rate payable on our investment as of June 30, 2008 would result in a decrease of approximately \$1.0 million in the interest earned on our investment for the following 90-day period. Because we are required to invest in government securities or money market funds, as described above, we are unable to manage our exposure to changes in interest rates on short-term government securities and other highly rated money-marked instruments. We do not believe that the effect of other changes, such as foreign exchange rates, commodity prices, and/or equity prices currently pose significant market risk for us.

We have not engaged in any hedging activities since our inception. We do not currently expect to engage in any hedging activities.

ITEM 4T. Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and treasurer, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our chief executive officer and chief financial officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2008. Based upon their evaluation, they concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under The Exchange Act) were effective.

There has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting during the most recently completed fiscal quarter.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

None.

ITEM 1A. Risk Factors.

Factors that could cause our actual results to differ materially from those in this report are any of the risks described in Item 1A Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as filed with the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

There have been no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC, except that the agreement with Halcyon for a proposed business combination was terminated on June 23, 2008, therefore the Risk Factors, as they relate to the terminated business combination with Halcyon, are no longer applicable.

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

There were no unregistered sales of equity securities by the Company for the six months ended June 30, 2008.

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On August 7, 2007, we consummated our initial public offering of 41,400,000 units, which includes 5,400,000 units pursuant to the underwriters' over-allotment option. The securities sold in the our initial public offering were registered under the Securities Act of 1933 on a registration statement on Form S-1 (File No. 333-141593). The SEC declared the registration statement effective on August 1, 2007. All of the units registered were sold at an offering price of \$10.00 per unit and generated gross proceeds of \$414,000,000. Each unit consists of one share of common stock and one warrant. Each warrant entitles the holder to purchase from us one share of our common stock at an exercise price of \$7.50. Each warrant will become exercisable on the later of our completion of a business combination or November 1, 2008 and will expire on July 31, 2012, or earlier upon redemption.

In connection with our offering, we incurred a total of \$15,525,000 in underwriting discounts and \$914,623 for costs and expenses related to the offering. The underwriters have agreed to defer an additional \$13,455,000 of the underwriting discount (equal to 3.25% of the gross proceeds of the offering). These proceeds are held in the trust account and will not be released until the earlier to occur of the completion of our initial business combination or our liquidation. In addition, the trust account holds the proceeds from the sale of the warrants on a private placement basis. In total, we deposited \$402,425,000 in the trust account.

For a description of the use of proceeds generated in the Offering, see Part I, Item 2 of this Form 10-Q.

ITEM 3. Defaults Upon Senior Securities.

None.

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

None.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits.

(a) Exhibits:

- 10.1 Termination and Release Agreement, dated June 23, 2008, by and among Alternative Asset Management Acquisition Corp., Halcyon Management Group LLC, Halcyon Partners LP, Halcyon Employees LP, Halcyon Asset Management LLC, Halcyon Offshore Asset Management LLC, Halcyon Asset-Backed Advisors LP and Halcyon Loan Investors LP. (incorporated by reference to the Company's Current Report on Form 8-K dated June 23, 2008)
- 31.1 Section 302 Certification by Chief Executive Officer and President
- 31.2 Section 302 Certification by Chief Financial Officer and Treasurer
- 32.1 Section 906 Certification by Chief Executive Officer and President
- 32.2 Section 906 Certification by Chief Financial Officer and Treasurer

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.

Dated: August 12, 2008

By: /s/ Mark D. Klein

Mark D. Klein

Chief Executive Officer and President

(Principal Executive Officer)

By: /s/ Paul D. Lapping

Paul D. Lapping

Chief Financial Officer, Treasurer and Secretary

(Principal Financial and Accounting Officer)

EXHIBIT INDEX

EXHIBIT NO.

- 31.1 Certification of Chief Executive Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
- 31.2 Certification of Chief Financial Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934
- 32.1 Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
