

Endeavor Acquisition Corp.
Form PREM14A
June 11, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

ENDEAVOR ACQUISITION CORP.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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(2) Aggregate number of securities to which transaction applies:

(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 June 5, 2007: (\$11.60)

(4) Proposed maximum aggregate value of transaction:

\$374,193,554

(5) Total fee paid:

\$13,845

.. Fee paid previously with preliminary materials.

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

(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

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

Endeavor Acquisition Corp.

7 Times Square, 17th Floor

New York, New York 10036

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON _____, 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 _____, 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 Agreement and Plan of Reorganization (Acquisition Agreement), dated as of December 18, 2006, among Endeavor, American Apparel Acquisition, Inc., a California corporation 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 the Canadian Companies set forth on Schedule A of the Acquisition Agreement (collectively 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, and the transactions contemplated thereby. 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.

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 _____, 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.

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The acquisition proposal must be approved by the holders of a majority of the Endeavor common stock sold in Endeavor's initial public offering (IPO) that is present in person or represented by proxy and entitled to vote 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 is 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 acquisition proposal and the name change amendment, capitalization amendment, Article Sixth amendment, the performance equity plan and adjournment proposals. 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 proposals, but will have no effect on the acquisition proposal or the performance equity plan proposals. 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 essentially have the same effect as a vote AGAINST 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. On [REDACTED], 2007, the record date for the meeting of stockholders, the conversion price would have been approximately \$ [REDACTED] in cash for each share of Endeavor common stock. 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 [REDACTED], 2007, the record date, the last sale price of Endeavor's common stock was \$ [REDACTED].

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 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

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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 advisable 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.

, 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.

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

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SUMMARY OF THE PROXY STATEMENT

Parties

The parties to the acquisition are:

Endeavor Acquisition Corp. (Endeavor),

AAI Acquisition Corp. (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 and 50% of the outstanding membership interests of LLC (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),

All of the corporations comprising the American Apparel Canada Group listed on Schedule A of the Acquisition Agreement (collectively the CI companies and, collectively with AAI and LLC, American Apparel or the American Apparel companies), and

All of the stockholders of the CI companies.

American Apparel is a vertically-integrated manufacturer, distributor, and retailer of branded fashion basic apparel. As of April 30, 2007, American Apparel operated 153 retail stores in 12 countries, including the United States, Canada, Mexico, England, Germany, France, Italy, Switzerland, the Netherlands, Israel, Japan 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:

immediately prior to the acquisition, Mr. Charney will purchase all of the outstanding capital stock and membership interests of the American Apparel companies owned by Mr. Lim (Lim Buyout);

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

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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*.

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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 32,258,065 shares of Endeavor common stock, subject to adjustment, including in circumstances where American Apparel's net debt at the close of business on the date two business days prior to the closing of the acquisition is more than \$110,000,000 and/or if Mr. Charney fails to consummate the Lim Buyout. Following the consummation of the acquisition, Endeavor will pay 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

Mr. Charney shall purchase all of Mr. Lim's equity interests in the American Apparel companies at or prior to consummation of the acquisition. The purchase price shall be \$60 million plus an additional 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 affect the Lim Buyout as part of the acquisition by reducing the number of shares of Endeavor common stock to be issued to Mr. Charney and paying Mr. Lim cash for all of his equity interests in the American Apparel companies. If the acquisition were to be consummated on July 30, 2007, and Endeavor was required to affect the Lim Buyout on the same date, the number of shares issued to Mr. Charney, as reduced, would be 24,134,335 and Endeavor would pay Mr. Lim \$62,958,904. See the section entitled *The Acquisition Agreement Acquisition Consideration Lim Buyout*.

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, and that the Lim Buyout is consummated by Mr. Charney, Mr. Charney will own approximately 61.8% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 38.2% of the outstanding Endeavor common stock immediately after the closing of the acquisition;

assuming 19.99% of the common stock issued in Endeavor's initial public offering votes against the acquisition and such stock is converted into cash, and the Lim Buyout is consummated by Mr. Charney, Mr. Charney will own approximately 65.9% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 34.1% of the outstanding common stock of Endeavor immediately following the closing;

assuming none of the Endeavor common stock is converted into cash and Endeavor consummates the Lim Buyout instead of Mr. Charney (at an assumed price of \$62,958,904 as of July 30, 2007), Mr. Charney will own approximately 54.8% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 45.2% of the outstanding common stock of Endeavor immediately following the closing.

assuming 19.99% of the outstanding Endeavor common stock votes against the acquisition and such stock is converted into cash, and Endeavor consummates the Lim Buyout instead of Mr. Charney (at an assumed price of \$62,958,904 as of July 30, 2007), Mr. Charney will own approximately 59.1% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 40.9% of the outstanding common stock of Endeavor immediately following the closing.

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 of the acquisition 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

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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*.

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 Equity Plan Proposal* and *The Adjournment Proposal*.

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 of the acquisition, 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 other current officers will continue with Endeavor after the acquisition. All of the current officers of American Apparel will continue in their 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 Employment Agreements*.

Post-Acquisition Board of Directors

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*.

Federal Income Tax Consequences

The acquisition 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, 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

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consideration of approximately 32.3 million shares of Endeavor common stock to be paid by Endeavor pursuant to the Acquisition 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 E**.

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 32.3 million shares of Endeavor common stock to be paid by Endeavor pursuant to the Acquisition Agreement, and whether the fair market value of American Apparel was at least equal to 80% of Endeavor's net assets, and does not address any other aspect of the acquisition. 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 advisable 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, the laws of the applicable provinces of Canada and Canadian federal law. Accordingly, no further action by the American Apparel stockholders is needed to approve the acquisition.

Reasons for the Acquisition

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Endeavor believes that American Apparel is positioned for continued growth in its markets and believes that a business combination with American Apparel will provide Endeavor stockholders with an opportunity to participate in an enterprise with significant growth potential. American Apparel had annual growth rate in revenues of approximately 38.3% from revenues of approximately \$205.5 million in 2005 to revenues of approximately \$284.3 million in 2006, and annual growth rate in EBITDA of approximately 31.9% from

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EBITDA of approximately \$18.5 million in 2005 to EBITDA of approximately \$24.4 million in 2006. 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*.

To evaluate American Apparel's transition from a private company to a public company upon consummation of the acquisition, Endeavor measures, in part, American Apparel's growth in terms of EBITDA as adjusted for certain agreed upon adjustments, including workers compensation and inventory obsolescence. Giving effect to these adjustments, American Apparel had growth in pro forma adjusted EBITDA of approximately 33.3% from pro forma adjusted EBITDA of approximately \$24.3 million in 2005 to pro forma adjusted EBITDA of approximately \$32.4 million in 2006 and growth in pro forma adjusted EBITDA of approximately 66.1% from pro forma adjusted EBITDA of approximately \$5.8 million in the first three months of 2006 to pro forma adjusted EBITDA of approximately \$9.5 million in the first three months of 2007. A discussion of Endeavor's use of EBITDA after giving effect to these adjustments and a reconciliation of such pro forma adjusted EBITDA to net income, the most comparable GAAP measure, is contained in *The Acquisition Proposal - Use of Pro Forma Adjusted EBITDA*.

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 \$117.3 million as of March 31, 2007, American Apparel will need 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 Waiver and Modifications

Endeavor has waived certain requirements set forth in the Acquisition Agreement, including with respect to the requirement that American Apparel provide projections to Endeavor that American Apparel's pro forma adjusted EBITDA in 2007 will be at least \$50 million. Endeavor also has agreed to allow additional adjustments to American Apparel's pro forma adjusted EBITDA calculations for 2006. See the section entitled *The Acquisition Agreement - Certain Waivers and Modifications*.

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QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

- Q. Why am I receiving this proxy statement?**
- A.** Endeavor and American Apparel have agreed to a business combination under the terms of the Agreement and Plan of Reorganization, dated as of December 18, 2006, 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 consummation of the acquisition, 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. In lieu of delivering your stock certificate, you may deliver your shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit Withdrawal at Custodian) System.

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

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You may exercise your conversion rights either by checking the box on the proxy card or by submitting your request in writing to Endeavor at the address listed at the end of this section. If you (i) initially vote for the acquisition proposal but then wish to vote against it and exercise your conversion rights or (ii) initially vote against the acquisition proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to Endeavor to exercise your conversion rights, or (iii) initially vote against the acquisition but later wish to vote for it, 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 prior to the special meeting.

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 \$ _____ in the trust account, which would amount to approximately \$ _____ per share 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.

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.

- Q. Do I have appraisal rights if I object to the acquisition?** A. Endeavor stockholders do not have appraisal rights in connection with the acquisition under the General Corporation Law of the State of Delaware (DGCL).
- Q. What happens to the funds deposited in the trust account after consummation of the acquisition?** A. After consummation of the acquisition, Endeavor stockholders properly electing to exercise their conversion rights will receive their pro rata portion of the funds in the trust account. 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. Endeavor must liquidate if it does not consummate a business combination by December 21, 2007. In any liquidation, the funds held in the trust account, plus any interest earned thereon, together with any remaining out-of-trust net assets, will be distributed pro rata to the holders of Endeavor's common stock acquired in Endeavor's IPO. 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.

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- Q. When do you expect the acquisition to be completed?** A. It is currently anticipated that the acquisition will be consummated promptly following the Endeavor special meeting on _____, 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 _____, 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.
- 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.

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- 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.
- 7 Times Square, 17th Floor
- New York, New York 10036
- Tel: (212) 683-5350
- You may also obtain additional information about Endeavor from documents filed with the SEC by following the instructions in the section entitled *Where You Can Find More Information*.
- If you intend to vote against the acquisition and seek conversion of your shares, you will need to deliver your shares (either physically or electronically) to Endeavor's transfer agent at the address below after the meeting. If you have questions regarding the certification of your position or delivery of your shares, please contact:
- Mark Zimkind
- Continental Stock Transfer & Trust Company
- 17 Battery Place, 8th Floor
- New York, New York 10004
- Telephone: (212) 845-3287

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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 three months ended March 31, 2007 (unaudited) and March 31, 2006 (unaudited) and years ended December 31, 2006 (audited) and December 31, 2005 (unaudited) and consolidated balance sheets as of March 31, 2007 (unaudited), December 31, 2006 (audited) and December 31, 2005 (unaudited), are included elsewhere in this proxy statement.

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

Endeavor's statements of operations for the three months ended March 31, 2007 (unaudited) and March 31, 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 March 31, 2007 (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.

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)

	Three Months Ended March 31,		Year Ended December 31,	
	2007	2006	2006	2005
	(unaudited)	(unaudited)		(unaudited)
Consolidated Statements of Operations:				
Net sales	\$ 69,033	\$ 55,944	\$ 264,691	\$ 192,178
Cost of sales	30,836	29,042	138,385	99,754
Gross profit	38,197	26,902	126,306	92,424
Operating expenses	32,328	24,671	117,006	82,116
Income from operations	5,869	2,231	9,300	10,308
Interest expense	3,674	2,408	10,797	6,006
Other expense (income)	(111)	170	(1,208)	325
Income (loss) before income taxes	2,306	(348)	(289)	3,975
Income tax expense (benefit)	597	(35)	1,335	392
Net income (loss)	\$ 1,709	\$ (313)	\$ (1,624)	\$ 3,583

	March 31,		December 31,	
	2007	2006	2006	2005
	(unaudited)	(unaudited)		(unaudited)
Consolidated Balance Sheets Data:				
Total assets	\$ 162,832	\$ 134,882	\$ 148,157	\$ 124,254
Total current liabilities	139,481	106,567	126,418	87,285
Total long-term liabilities	10,261	14,128	10,037	23,023
Stockholders' equity	13,090	14,187	11,702	13,946

	Three Months Ended March 31,		Year Ended December 31,	
	2007	2006	2006	2005
	(unaudited)	(unaudited)		(unaudited)
Other Cash Flow Data:				
Cash Flow (used in) from operations	\$ (20,835)	\$ (4,505)	\$ 9,063	\$ (348)
Cash Flow used in investing activities	(1,948)	(4,784)	(15,232)	(18,078)
Cash Flow from financing activities	24,642	6,959	6,001	19,716
Effect on cash from exchange rates	46	36	177	(149)
Net change in cash	\$ 1,905	\$ (2,294)	\$ (9)	\$ 1,141

Other Consolidated Data (unaudited):				
EBITDA (b)	\$ 8,506	\$ 4,273	\$ 19,938	\$ 15,368

(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)

	Three Months Ended March 31,			
	2007 CDN \$ (unaudited)	2007 USD \$ (c) (unaudited)	2006 CDN \$ (unaudited)	2006 USD \$ (c) (unaudited)
Combined Statements of Operations:				
Net sales	\$ 8,364	\$ 7,139	\$ 6,945	\$ 6,016
Cost of sales	3,092	2,639	2,539	2,199
Gross profit	5,272	4,500	4,406	3,817
Operating expenses	4,885	4,169	4,173	3,615
Income from operations	386	330	234	203
Interest expense	335	286	245	212
Other expense (income)				
Income (loss) before income taxes	52	44	(11)	(9)
Income tax expense	74	63	19	16
Net loss	\$ (23)	\$ (19)	\$ (30)	\$ (25)

	March 31,			
	2007 CDN \$ (unaudited)	2007 USD \$ (c) (unaudited)	2006 CDN \$ (unaudited)	2006 USD \$ (c) (unaudited)
Combined Balance Sheet Data:				
Total assets	\$ 18,541	\$ 16,059	\$ 17,279	\$ 14,794
Total current liabilities	8,725	7,557	10,805	9,251
Total long-term liabilities	7,959	6,893	4,972	4,257
Shareholders equity	1,858	1,609	1,502	1,286

	Three Months Ended March 31,			
	2007 CDN \$ (unaudited)	2007 USD \$ (c) (unaudited)	2006 CDN \$ (unaudited)	2006 USD \$ (c) (unaudited)
Other Cash Flow Data:				
Cash Flow (used in) from operations	\$ (823)	\$ (702)	\$ 41	\$ 36
Cash Flow used in investing activities	(122)	(104)	(385)	(333)
Cash Flow from financing activities	666	568	98	85
Effect on cash from exchange rates		2		2
Net change in cash	\$ (280)	\$ (236)	\$ (246)	\$ (210)

	Three Months Ended March 31,			
	2007 CDN \$ (unaudited)	2007 USD \$ (c) (unaudited)	2006 CDN \$ (unaudited)	2006 USD \$ (c) (unaudited)
Other Data (unaudited):				
EBITDA (b)	\$ 932	\$ 796	\$ 619	\$ 535

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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 March 31, 2007 and 2006 were converted at an exchange rate of \$0.8661 and \$0.8568, respectively. Canadian dollars presented for the three months ended March 31, 2007 and 2006 were converted at an exchange rate of \$0.8535 and \$0.8662, respectively.

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

(in thousands of dollars)

	2006 CDN \$	Year Ended December 31, 2006 USD \$ (c)	2005 CDN \$ (unaudited)	2005 USD \$ (c) (unaudited)
Combined Statements of Operations:				
Net sales	\$ 34,658	\$ 30,546	\$ 29,283	\$ 24,166
Cost of sales	12,528	11,042	11,119	9,176
Gross profit	22,130	19,504	18,164	14,990
Operating expenses	20,797	18,330	17,391	14,352
Income from operations	1,333	1,175	773	638
Interest expense	1,151	1,014	642	530
Income before income taxes	182	161	131	108
Income tax expense	271	239	138	114
Net loss	\$ (89)	\$ (78)	\$ (7)	\$ (6)

	2006 CDN \$	December 31, 2006 USD \$ (c)	2005 CDN \$ (unaudited)	2005 USD \$ (c) (unaudited)
Combined Balance Sheets Data:				
Total assets	\$ 18,082	\$ 15,534	\$ 17,297	\$ 14,834
Total current liabilities	8,287	7,119	10,756	9,225
Total long-term liabilities	8,093	6,953	5,073	4,351
Shareholders' equity	1,702	1,462	1,468	1,259

	2006 CDN \$	Year Ended December 31, 2006 USD \$ (c)	2005 CDN \$ (unaudited)	2005 USD \$ (c) (unaudited)
Other Cash Flow Data:				
Cash Flow from (used in) operations	\$ (519)	\$ (457)	\$ 129	\$ 106
Cash Flow used in investing activities	(1,881)	(1,658)	(3,908)	(3,225)
Cash Flow from financing activities	2,814	2,480	4,025	3,322
Effect on cash from exchange rates		(9)		8
Net change in cash	\$ 414	\$ 356	\$ 246	\$ 211

	2006 CDN \$	Year Ended December 31, 2006 USD \$ (c)	2005 CDN \$ (unaudited)	2005 USD \$ (c) (unaudited)
Other Data (unaudited):				
EBITDA (b)	\$ 5,324	\$ 4,693	\$ 4,217	\$ 3,475

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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 and 2005 were converted at an exchange rate of \$0.8590 and \$0.8576, respectively. Canadian dollars presented for the year ended December 31, 2006 and 2005 were converted at an exchange rate of \$0.8813 and \$0.8103, respectively.

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

(in thousands of dollars, except share data)

	Three Months Ended March 31,		Year Ended	Period from July 22, 2005 (Inception) to December 31,
	2007 (unaudited)	2006 (unaudited)	2006	2005
Statements of Operations:				
Selling, general & administrative expenses	\$ 271	\$ 222	\$ 1,101	\$ 63
Income (loss) from operations	(271)	(222)	(1,101)	(63)
Interest expense				
Dividend and interest income	1,034	855	(3,974)	(118)
Income before provision for income taxes	\$ 763	\$ 633	\$ 2,873	\$ 55
Provision for income taxes		119	3	1
Net income	\$ 763	\$ 514	\$ 2,870	\$ 54
Accretion of trust fund relating to common stock subject to possible conversion	(206)	(171)	(794)	(24)
Net income available to common stockholders	\$ 557	\$ 343	\$ 2,076	\$ 30
Weighted average shares outstanding	16,678,713	16,647,408	16,668,534	4,670,245
Basic and diluted net income per share	\$ 0.03	\$ 0.02	\$ 0.12	\$ 0.01

	March 31,		December 31,	
	2007 (unaudited)	2006 (unaudited)	2006	2005
Balance Sheets Data:				
Total assets	\$ 126,655	\$ 125,546	\$ 125,546	\$ 113,640
Total current liabilities	605	260	260	64
Common stock subject to possible conversion	25,228	25,022	25,022	22,461
Stockholders' equity	100,821	100,264	100,264	91,115

	Three Months Ended March 31,		Year Ended	Period from July 22, 2005 (Inception) to December 31,
	2007 (unaudited)	2006 (unaudited)	2006	2005
Cash Flow Data:				
Cash Flow from (used in) operations	\$ 981	\$ 737	\$ 3,137	\$ (68)

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Cash Flow used in investing activities	(1,032)	(9,695)	(12,809)	(112,308)
Cash Flow from financing activities	73	8,840	8,694	113,521
Net change in cash	22	(118)	\$ (978)	\$ 1,145

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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;

depreciation and amortization; and

related-party management fees.

American Apparel's management uses EBITDA as an important financial measure to assess the ability of American Apparel's assets to generate cash sufficient to pay interest on its indebtedness, meet capital expenditure and working capital requirements, and otherwise meet its obligations as they become due. American Apparel's management believes that the presentation of EBITDA included in this proxy statement provides useful information regarding American Apparel's results of operations because it assists in analyzing and benchmarking the performance and value of American Apparel's business. 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.

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, as adjusted, 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 it does not include certain material costs, such as interest and taxes, necessary to operate its business. In addition, American Apparel's calculation of EBITDA may not be consistent with similarly titled measures of other companies and should be viewed in conjunction with measures that are computed in accordance with GAAP. 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).

American Apparel had growth in EBITDA of approximately 97.8% from EBITDA of approximately \$4.6 million in the first three months of 2006 to EBITDA of approximately \$9.1 million in the first three months of 2007.

American Apparel had growth in EBITDA of approximately 21.1% from EBITDA of approximately \$18.5 million in 2005 to EBITDA of approximately \$24.4 million in 2006.

Reconciliation of American Apparel's Combined Condensed EBITDA

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

	Three Months Ended		Year Ended December 31,	
	March 31, 2007 (unaudited)	2006 (unaudited)	2006 (unaudited)	2005 (unaudited)
Net income (loss)	\$ 1,504	\$ (518)	\$ (1,884)	\$ 3,253

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Income taxes	660	(19)	1,574	506
Interest expense	3,960	2,620	11,811	6,536
Depreciation and amortization	2,907	2,546	10,899	6,328
Related-party management fee	85		2,045	1,896
EBITDA	\$ 9,116	\$ 4,629	\$ 24,445	\$ 18,519

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:

	Three Months Ended March 31,		Year Ended December 31,	
	2007 (unaudited)	2006 (unaudited)	2006 (unaudited)	2005 (unaudited)
Net income (loss)	\$ 1,709	\$ (313)	\$ (1,624)	\$ 3,583
Income taxes	597	(35)	1,335	392
Interest expense	3,674	2,408	10,797	6,006
Depreciation and amortization	2,526	2,213	9,430	5,387
EBITDA	\$ 8,506	\$ 4,273	\$ 19,938	\$ 15,368

Reconciliation of the CI companies EBITDA

The following table presents 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:

	2007	Three Months Ended March 31,		2006
	CDN \$ (unaudited)	2007 USD \$ (unaudited)	2006 CDN \$ (unaudited)	2006 USD \$ (unaudited)
Net loss	\$ (23)	\$ (19)	\$ (30)	\$ (26)
Income taxes	74	63	19	16
Interest expense	335	286	245	212
Depreciation and amortization	446	381	385	333
Related party management fee	100	85		
EBITDA	\$ 932	\$ 796	\$ 619	\$ 535

The following table presents 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:

	2006	Year Ended December 31,		2005
	CDN \$ (unaudited)	2006 USD \$ (unaudited)	2005 CDN \$ (unaudited)	2005 USD \$ (unaudited)
Net loss	\$ (89)	\$ (77)	\$ (7)	\$ (6)
Income taxes	271	239	138	114
Interest expense	1,151	1,014	642	530
Depreciation and amortization	1,671	1,473	1,146	941
Related party management fee	2,320	2,045	2,298	1,896
EBITDA	\$ 5,324	\$ 4,694	\$ 4,217	\$ 3,475

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Selected Unaudited Pro Forma Combined Financial Information

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

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

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

The unaudited pro forma adjustments are based upon available information and assumptions that we believe are reasonable. 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 year ended December 31, 2006;

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 three months ended March 31, 2007; and

separate historical unaudited financial statements of Endeavor for the three months ended March 31, 2007.

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

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

assuming maximum conversions and Mr. Charney consummates the Lim Buyout this presentation assumes stockholders of Endeavor owning 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 \$62,958,904 assuming a closing on July 30, 2007); and

assuming maximum conversions and Endeavor consummate 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 \$62,958,904 assuming the acquisition closes on July 30, 2007).

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****ASSUMING LIM BUYOUT AFFECTED BY MR. CHARNEY****MARCH 31, 2007****(in thousands of dollars, except per share data)**

	Endeavor Acquisition Corp. USD \$	American Apparel, Inc. USD \$	CI Companies CDN \$	CI Companies USD \$	Pro Forma Adjustments No Conversion USD \$	Pro Forma Combined No Conversion USD \$	Pro Form Adjustments Maximum Allowable Conversion USD \$	Pro Form Combined Maximum Allowable Conversion USD \$
Total assets	\$ 126,655	\$ 162,832	\$ 18,541	\$ 16,059	\$ (10,784)	\$ 294,761	\$ (25,228)	\$ 269,533
Current liabilities	605	98,481	8,725	7,557	(7,184)	99,459		99,459
Common stock, subject to possible conversion	25,228					25,228	(25,228)	
Long-term debt, net of current portion		41,260	7,032	6,090		47,350		47,350
Capital lease obligations, net of current position		2,994	115	100		3,094		3,094
Deferred rent		7,007	811	702		7,709		7,709
Total stockholders equity	126,049	13,030	1,858	1,609	(3,600)	137,149		111,921
Total liabilities and stockholders equity	\$ 126,655	\$ 162,832	\$ 18,541	\$ 16,058	\$ (10,784)	\$ 294,761	\$ (25,228)	\$ 264,533

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****AND PER SHARE DATA****ASSUMING LIM BUYOUT AFFECTED BY MR. CHARNEY****THREE MONTHS ENDED, MARCH 31, 2007****(in thousands of dollars)**

	Endeavor Acquisition Corp. USD \$	American Apparel, Inc. USD \$	CI Companies CDN \$	CI Companies USD \$	Pro Forma Adjustment No Conversion USD \$	Pro Forma Combined No Conversion USD \$
Net sales	\$	\$ 69,033	\$ 8,364	\$ 7,139	\$ (2,670)	\$ 73,502
Cost of goods sold		30,836	3,093	2,640	(2,485)	30,991
Gross profit		38,197	5,271	4,499	(185)	42,511
Selling, general and administrative	271	32,328	4,885	4,169	(85)	36,683
Income (loss) from operations	(271)	5,869	386	330	(100)	5,828
Interest and other (income) expense	(1,034)	3,563	335	286	473	3,288
Income (loss) before income taxes	763	2,306	51	44	(473)	2,540
Income tax provision (benefit)		597	74	63		660
Net income (loss)	763	1,709	(23)	(19)	(573)	1,880
Accretion of trust fund, relating to Common Stock subject to possible conversion	206				(206)	
Net income (loss) available to common stockholders	\$ 557	\$ 1,709	\$ (23)	\$ (19)	\$ (367)	\$ 1,879

See Unaudited Pro Forma Condensed Combined Financial Statements.

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

(in thousands of dollars)

	Endeavor Acquisition Corp. USD \$	American Apparel, Inc. USD \$	CI Companies CDN \$	CI Companies USD \$	Pro Forma Adjustment No Conversion USD \$	Pro Forma Combined No Conversion USD \$
Net sales	\$	\$ 264,691	\$ 34,658	\$ 30,546	\$ (10,972)	\$ 284,265
Cost of sales		138,385	12,527	11,042	(10,790)	138,637
Gross profit		126,306	22,130	19,505	(182)	145,629
Selling, general and administrative	1,101	117,006	20,797	18,330	(1,991)	134,446
Income (loss) from operations	(1,101)	9,300	1,333	1,175	1,809	11,183
Interest and other (income) expense	(3,974)	9,589	1,151	1,014	3,033	9,662
Income (loss) before income taxes	2,873	289	182	160	(1,224)	1,520
Income tax provision (benefit)	2	1,335	271	239		(1,577)
Net income (loss)	2,870	(1,624)	(89)	(78)	(1,224)	(56)
Accretion of trust fund, relating to Common Stock subject to possible conversion	794				(794)	
Net income (loss) available to common stockholders	\$ 2,076	\$ (1,624)	\$ (89)	\$ (78)	\$ (430)	\$ (56)

See Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****ASSUMING LIM BUYOUT AFFECTED BY ENDEAVOR****MARCH 31, 2007****(in thousands of dollars)**

	Endeavor Acquisition Corp. USD \$	American Apparel, Inc. USD \$	CI Companies CDN \$	CI Companies 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	\$ 126,655	\$ 162,832	\$ 18,541	\$ 16,059	\$ (73,743)	\$ 231,802	\$ (25,228)	\$ 206,574
Current Liabilities:								
Long-term debt, net of current portion		260	7,032	6,090		6,350		6,350
Capital lease obligations, net of current position		2,994	115	100		3,094		3,094
Deferred rent		7,007	811	702		7,709		7,709
Stockholders' equity								
Total stockholders' equity	100,822	13,090	1,858	1,609	(66,559)	74,190		48,962
Total liabilities and stockholders' equity	\$ 126,655	\$ 162,832	\$ 18,541	\$ 16,058	\$ (73,743)	\$ 231,802	\$ (25,228)	\$ 206,574

See Unaudited Pro Forma Condensed Combined Financial Statements.

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**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF
OPERATIONS**

AND PER SHARE DATA

ASSUMING LIM BUYOUT AFFECTED BY ENDEAVOR

THREE MONTHS ENDED, MARCH 31, 2007

(in thousands of dollars, except per share data)

	Endeavor Acquisition Corp. USD \$	American Apparel, Inc. USD \$	CI Companies CDN \$	CI Companies USD \$	Pro Form Adjustment No Conversion USD \$	Pro Forma Combined No Conversion USD \$
Net sales	\$	\$ 69,033	\$ 8,364	\$ 7,139	\$ (2,670)	\$ 73,502
Cost of goods sold		30,836	3,093	2,640	(2,485)	30,991
Gross profit		38,197	5,271	4,499	(185)	42,511
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Income (loss) from operations	(271)	5,869	386	330	(100)	5,828
Interest and other (income) expense	(1,034)	3,563	335	286	473	3,288
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Net income (loss) available to common stockholders	\$ 557	\$ 1,709	\$ (23)	\$ (19)	\$ (367)	\$ 1,879

See Unaudited Pro Forma Condensed Combined Financial Statements.

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

	Endeavor Acquisition Corp. USD \$	American Apparel, Inc. USD \$	CI Companies CDN \$	CI Companies USD \$	Pro Forma Adjustment No Conversion USD \$	Pro Forma Combined No Conversion USD \$
Net sales	\$	\$ 264,691	\$ 34,658	\$ 30,546	\$ (10,972)	\$ 284,265
Cost of goods sold		138,385	12,527	11,042	(10,790)	138,637
Gross profit		126,306	22,130	19,505	(182)	145,629
Selling, general and administrative	1,101	117,006	20,797	18,330	(1,991)	134,446
Income (loss) from operations	(1,101)	9,300	1,333	1,175	1,809	11,183
Interest and other (income) expense	(3,974)	9,589	1,151	1,014	3,033	9,662
Income (loss) before income taxes	2,873	(289)	182	160	(1,224)	1,520
Income tax provision (benefit)	2	1,335	271	239		(1,577)
Net income (loss)	2,870	(1,624)	(89)	(78)	(1,224)	(56)
Accretion of trust fund, relating to Common Stock subject to possible conversion	794				(794)	
Net income (loss) available to common stockholders	\$ 2,076	\$ (1,624)	\$ (89)	\$ (78)	\$ (430)	\$ (56)

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.

	AAI	CI	Endeavor	Unaudited Pro Forma Combined Company
	(in thousands, except per share data)			
Number of shares of common stock outstanding upon consummation of the acquisition (assuming no adjustment to the number of shares issued based on American Apparel's net debt):				
Assuming no conversions and Mr. Charney affects Lim Buyout				52,169
Assuming maximum conversions and Mr. Charney affects Lim Buyout				48,937
Assuming no conversions and Endeavor affects Lim Buyout				44,045
Assuming maximum conversions and Endeavor affects Lim Buyout				40,813
Book value historical at March 31, 2007	\$ 13,090	\$ 1,609	\$ 126,049	
Book value pro forma at March 31, 2007:				
Assuming no conversions and Mr. Charney affects Lim Buyout				\$ 140,049
Assuming maximum conversions and Mr. Charney affects Lim Buyout				\$ 114,821
Assuming no conversions and Endeavor affects Lim Buyout				\$ 77,090
Assuming maximum conversions and Endeavor affects Lim Buyout				\$ 51,862
Earnings per share historical three months ended March 31, 2007		\$ 0.03		
Earnings per share historical year ended December 31, 2006		\$ 0.10		
Earnings per share pro forma three months ended March 31, 2007:				
Assuming no conversions and Mr. Charney affects Lim Buyout basic and diluted			\$ 0.04	
Assuming no conversions and Endeavor affects Lim Buyout basic and diluted			\$ 0.04	
Assuming maximum conversions and Mr. Charney affects Lim Buyout basic and diluted			\$ 0.04	
Assuming maximum conversions and Endeavor affects Lim Buyout basic and diluted			\$ 0.04	
Earnings per share pro forma year ended December 31, 2006:				
Assuming no conversions and Mr. Charney affects Lim Buyout basic and diluted				\$ (0.03)
Assuming no conversions and Endeavor affects Lim Buyout basic and diluted				\$ (0.03)
Assuming maximum conversions and Mr. Charney affects Lim Buyout basic and diluted				\$ (0.03)
Assuming maximum conversions and Endeavor affects Lim Buyout basic and diluted				\$ (0.03)

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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;

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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 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;

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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.

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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. 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.

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

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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, including inquiries and civil actions arising from employment matters. 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

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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 currently 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.

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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 56% of total sales for the year ended December 31, 2006 and 51% of total sales for the three months ended March 31, 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 approximately 5% of sales for the year ending December 31, 2007 will be 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.

We will incur significant increased 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 remedy deficiencies in American Apparel's internal control over financial reporting identified by its auditors.

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.

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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 March 31, 2007, American Apparel had aggregate indebtedness of approximately \$117.3 million. 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.

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

As of June 5, 2007, each of Endeavor's and American Apparel's cash and working capital were insufficient to fund their respective operations for the next 12 months. The report of each of their independent registered public accounting firms on their respective financial statements includes an explanatory paragraph stating that their respective 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.

American Apparel is currently in breach of various restrictive covenants under its existing credit and banking facilities, which, if not cured or waived, could lead to a default under such facilities.

American Apparel's senior secured revolving credit facility and secured second lien loan impose significant covenants on American Apparel and its operations. The agreements governing the respective credit facilities require American Apparel to achieve specified financial and operating results and maintain compliance with specified financial ratios and satisfy other financial condition tests. American Apparel's ability to comply with these ratios may be affected by events beyond its control. American Apparel's breach of any of these restrictive covenants or its inability to comply with the required financial ratios could result in a default under the agreements governing these credit facilities. As of March 31, 2007, American Apparel was in breach of various covenants under both of these facilities. While the consummation of the acquisition is conditioned upon a cure or waiver of these breaches, in the case of continued or future repeated breaches, the lenders under the credit facilities may elect to declare all borrowings outstanding, together with all accrued interest and other fees, to be immediately due and payable. If American Apparel is unable to repay outstanding borrowings when due, the lenders under the revolving credit facility will also have the right to proceed against collateral, which includes all of American Apparel's available cash, granted to them to secure the indebtedness. If the indebtedness under the

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senior secured revolving credit facility and the secured second lien loan were to be accelerated, American Apparel cannot assure that its assets would be sufficient to repay in full that indebtedness and other indebtedness of American Apparel.

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.

A number of American Apparel's retail store leases are subject to consents in the event of a change in control.

A number of American Apparel's retail store leases are subject to consents in the event of a change in control. The acquisition may constitute a change in control of American Apparel. Should we be unable to obtain these consents from our lessors, the loss of these retail locations could have a materially adverse impact on our financial condition. See Risks Related to the Acquisition.

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. As of the record date, the last sale price of a share of Endeavor common stock was \$, 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 and that Mr. Charney affects the Lim Buyout, Endeavor will have 52,168,810 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 69,029,555 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 32,258,065 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 and/or Mr. Charney's failure to affect the Lim Buyout. 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.

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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 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 _____, 2007, the record date, 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 \$ _____, 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.

If Endeavor is required to consummate the Lim Buyout instead of Mr. Charney, the cash available to the combined companies for use in operations and expansion would be significantly reduced.

In the event that Endeavor consummates the Lim Buyout instead of Mr. Charney, it will purchase all of Mr. Lim's equity interests in the American Apparel companies for cash in the approximate amount of \$62,958,904, assuming a close date of July 30, 2007, and will reduce the number of shares of Endeavor common stock issued to Mr. Charney by approximately 8,123,730. As a result, significantly less money would 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.

The financial information for American Apparel for 2005 currently contained in this proxy statement is unaudited and may materially differ from the audited financial statements for the same period to be delivered by American Apparel.

The financial information presented in this proxy statement for American Apparel for the year ended December 31, 2005 is unaudited. It is a condition to closing of the acquisition that American Apparel deliver to Endeavor for inclusion in the definitive proxy statement audited financial statements for the year ended December 31, 2005. When delivered, this proxy statement will be amended to include such audited financial statements. The results for and financial condition of American Apparel indicated by these audited financial statements may materially differ from that presented in the unaudited financial statements for 2005 currently

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included in this proxy statement. Accordingly, you are urged to read, when available, the definitive proxy statement which will contain audited financial statements for American Apparel for the year ended December 31, 2005 before making any voting decision in connection with the special meeting of stockholders.

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.

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 and warrants 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.

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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.

Waivers and modifications to the terms of the Acquisition Agreement have been allowed, including with respect to certain financial thresholds that American Apparel was required to meet, which required Endeavor's board to re-evaluate and reaffirm its approval of the transaction. The parties are also discussing changes to certain of the other terms of the Acquisition Agreement. Any changes that may be made to the terms of the acquisition could materially alter the value of the transaction to American Apparel's stockholder, on the one hand, and/or the stockholders of Endeavor, on the other hand, and you should base your decision on how to vote on the proposals on the information contained in the definitive proxy statement.

Under the terms of the Acquisition 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 in connection with American Apparel's 2006 audit and 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.

Complex transactions, such as the proposed acquisition, are often subject to modification and the parties are discussing the modification of certain of the terms of the Acquisition Agreement. Any such modifications of the terms of the acquisition, including any changes to closing conditions, modifications to consideration or changes to other material terms could materially alter the value of the transaction to American Apparel's stockholder, Mr. Charney, on the one hand, and/or Endeavor's stockholders, on the other hand. In the event the parties agree to modify the terms of the Acquisition Agreement, those terms will be reflected in the definitive proxy statement. You should base your decision on how to vote on the proposals on the information contained in the definitive proxy statement.

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 \$ per share.

As of , 2007, the record date, Endeavor held \$ in the trust account, or approximately \$ per share of Endeavor common stock. If we are unable to complete the business combination with American Apparel by December 21, 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 \$ per share.

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Completion of the acquisition may be subject to the receipt of consents and approvals from, or the making of filings with, government entities that could delay completion of the acquisition or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the acquisition.

The acquisition may be subject to review by the Antitrust Division of the U.S. Department of Justice (Department of Justice) and the U.S. Federal Trade Commission (Federal Trade Commission) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and the related rules and regulations that have been issued by the Federal Trade Commission. Under the HSR Act, Endeavor and American Apparel may be required to make pre-merger notification filings and to await the expiration of the statutory waiting period prior to completing the merger. In connection with a review, at the end of an initial 30-day waiting period we could receive a request for additional information regarding the acquisition from either the Department of Justice or the Federal Trade Commission. Such a request would extend the initial waiting period under the statute during which time either the Department of Justice or the Federal Trade Commission is permitted to review a proposed transaction until 30 days after the parties have substantially complied with the request, unless the Department of Justice or the Federal Trade Commission chooses to terminate that period early.

The Department of Justice and the Federal Trade Commission frequently scrutinize the legality under the antitrust laws of transactions such as the merger. At any time before or after the merger, the Department of Justice or the Federal Trade Commission could take any action under the antitrust laws that it either considers necessary or desirable in the public interest, including seeking to enjoin the merger. Private parties as well as state attorneys general and foreign antitrust regulators may also bring legal actions under the antitrust laws under certain circumstances. There is a possibility that such an injunction may be imposed. In addition to the foregoing, we may face similar requirements under the laws of Canada and its provinces. Neither Endeavor nor American Apparel is obligated to complete the acquisition if a waiting period under the HSR Act in connection with the acquisition has not expired or a voluntary agreement exists between either party and the Department of Justice or the Federal Trade Commission pursuant to which the party has agreed not to consummate the acquisition for any period.

If we do not consummate the business combination with American Apparel by December 21, 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 21, 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;

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

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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 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

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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 73.6% of Endeavor's voting stock, assuming maximum conversions and that Mr. Charney affects the Lim Buyout. 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.

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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 Risk Factors section and elsewhere in this proxy statement could have a material adverse effect on Endeavor and American Apparel.

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SPECIAL MEETING OF ENDEAVOR STOCKHOLDERS

General

We are furnishing this proxy statement to Endeavor stockholders as part of the solicitation of proxies by Endeavor's board of directors for use at the special meeting of Endeavor stockholders to be held on _____, 2007, and at any adjournment or postponement thereof. This proxy statement is first being furnished to Endeavor's stockholders on or about _____, 2007 in connection with the vote on the acquisition proposal, the certificate of incorporation amendments and performance equity plan proposal. This document provides you with the information you need to know to be able to vote or instruct your vote to be cast at the special meeting.

Date, Time and Place

The special meeting of stockholders will be held on _____, 2007, at 10:00 a.m., eastern time, at the offices of Graubard Miller, Endeavor's general counsel, at The Chrysler Building, 405 Lexington Avenue, 19th Floor, New York, New York 10174.

Purpose of the Endeavor Special Meeting

At the special meeting, we are asking holders of Endeavor common stock to:

approve and adopt the Acquisition Agreement and the transactions contemplated thereby (acquisition proposal);

approve an amendment to Endeavor's certificate of incorporation to change Endeavor's name from Endeavor Acquisition Corp. to American Apparel, Inc. (name change amendment proposal);

approve an amendment to Endeavor's certificate of incorporation to increase the number of authorized shares of Endeavor's common stock from 75,000,000 to 120,000,000 (capitalization amendment proposal);

approve an amendment to Endeavor's certificate of incorporation 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 us, and to redesignate section E of Article Sixth, which relates to the staggered board, as Article Sixth (Article Sixth amendment proposal);

approve the adoption of the 2007 performance equity plan (performance equity plan proposal) under which 2,710,000 shares shall be reserved for issuance for options and other awards that may be granted thereunder; and

approve 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 (adjournment proposal).

Recommendation of Endeavor Board of Directors

Endeavor's board of directors:

has unanimously determined that the acquisition proposal and each of the other proposals are advisable 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, the performance equity plan and adjournment proposals;

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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 adjournment proposal.

Record Date; Who is Entitled to Vote

We have fixed the close of business on _____, 2007, as the record date for determining the Endeavor stockholders entitled to notice of and to attend and vote at the special meeting. As of the close of business on _____, there were 19,910,745 shares of Endeavor's common stock outstanding and entitled to vote. Each share of Endeavor's common stock is entitled to one vote per share at the special meeting.

Pursuant to agreements with us, the 3,750,000 shares of Endeavor's common stock held by the Endeavor Inside Stockholders will be voted on the acquisition proposal in accordance with the majority of the votes cast at the special meeting.

Quorum

The presence, in person or by proxy, of a majority of all the outstanding shares of common stock constitutes a quorum at the special meeting. Abstentions and broker non-votes will count as present for purposes of establishing a quorum.

Abstentions and Broker Non-Votes

If you do not give your broker voting instructions, under the rules of the NASD, your broker may not vote your shares on the acquisition proposal, or any of the name change amendment, capitalization amendment, Article Sixth amendment, performance equity plan, or adjournment proposals. Since a stockholder must affirmatively vote against the acquisition proposal to have conversion rights, individuals who fail to vote or who abstain from voting may not exercise their conversion rights. Beneficial holders of shares held in street name that are voted against the acquisition may exercise their conversion rights, provided that, prior to the meeting, they have their shares certificated and deliver the certificates to Endeavor's transfer agent. See the information set forth in *Special Meeting of Endeavor Stockholders Conversion Rights*.

Vote of Endeavor's Stockholders Required

The approval of the acquisition proposal will require the affirmative vote of the holders of a majority of the shares of Endeavor common stock sold in the IPO present in person or represented by proxy and entitled to vote at the special meeting. Abstentions will have the same effect as a vote AGAINST the acquisition proposal and broker non-votes, while considered present for the purpose of establishing a quorum, will have no effect on the acquisition proposal. You cannot seek conversion unless you affirmatively vote against the acquisition proposal.

The name change amendment, the capitalization amendment and the Article Sixth amendment proposals will require the affirmative vote of the holders of a majority of Endeavor common stock outstanding on the record date. Because each of these proposals to amend Endeavor's charter requires the affirmative vote of a

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majority of the shares of common stock outstanding, abstentions and shares not entitled to vote because of a broker non-vote will have the same effect as a vote against these proposals. In order to consummate the acquisition, each of the name change amendment and the capitalization amendment proposals must be approved by the stockholders. For both of the name change amendment and the capitalization amendment to be implemented, the acquisition proposal must be approved by the stockholders.

The approval of the performance equity plan and adjournment proposals will require the affirmative vote of the holders of a majority of Endeavor's common stock represented and entitled to vote at the meeting. Abstentions will have the same effect as a vote AGAINST the performance equity plan and adjournment proposals and broker non-votes, while considered present for the purpose of establishing a quorum, will have no effect on the performance equity plan or adjournment proposals.

Endeavor's initial stockholders who purchased their shares of common stock prior to Endeavor's IPO, and which include all of Endeavor's directors and executive officers and their affiliates and are referred to 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. Accordingly, their vote will have no effect on the outcome of the acquisition proposal. The Endeavor Inside Stockholders also have indicated that they intend to vote such shares in favor of all other proposals being presented at the special meeting. The Endeavor Inside Stockholders also have indicated that they intend to vote any shares they acquire after the IPO for all of the proposals. As of the record date, the Endeavor Inside Stockholders have not acquired any additional shares of Endeavor common stock since the IPO.

Voting Your Shares

Each share of Endeavor common stock that you own in your name entitles you to one vote. Your proxy card shows the number of shares of Endeavor's common stock that you own.

There are two ways to vote your shares of Endeavor common stock at the special meeting:

You can vote by signing and returning the enclosed proxy card. If you vote by proxy card, your proxy, whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card but do not give instructions on how to vote your shares, your shares will be voted as recommended by Endeavor's board FOR the adoption of the acquisition proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the performance equity plan proposals. Votes received after a matter has been voted upon at the special meeting will not be counted.

You can attend the special meeting and vote in person. We will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares.

IF YOU DO NOT VOTE YOUR SHARES OF ENDEAVOR'S COMMON STOCK IN ANY OF THE WAYS DESCRIBED ABOVE, IT WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE ADOPTION OF THE ACQUISITION PROPOSAL, BUT WILL NOT HAVE THE EFFECT OF A DEMAND FOR CONVERSION OF YOUR SHARES INTO A PRO RATA SHARE OF THE TRUST ACCOUNT IN WHICH A SUBSTANTIAL PORTION OF THE PROCEEDS OF ENDEAVOR'S IPO ARE HELD.

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Revoking Your Proxy

If you give a proxy, you may revoke it at any time before the vote is taken at the meeting by doing any one of the following:

you may send another proxy card with a later date;

you may notify Endeavor (Attention: Martin Dolfi) in writing before the special meeting that you have revoked your proxy; or

you may attend the special meeting, revoke your proxy, and vote in person, as indicated above.

Who Can Answer Your Questions About Voting Your Shares

If you have any questions about how to vote or direct a vote in respect of your shares of Endeavor's common stock, you may call _____, Endeavor's proxy solicitor, at (_____) _____, or Martin Dolfi at Endeavor at (212) 683-5350.

No Additional Matters May Be Presented at the Special Meeting

This special meeting has been called only to consider the adoption of the acquisition proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the performance equity plan proposals. Under Endeavor's bylaws, other than procedural matters incident to the conduct of the meeting, no other matters may be considered at the special meeting if they are not included in the notice of the meeting.

Conversion Rights

Any of Endeavor's stockholders holding shares of Endeavor common stock issued in Endeavor's IPO as of the record date who affirmatively votes these shares against the acquisition proposal may also demand that we convert his or her 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. Any holders seeking such conversion must affirmatively vote against the acquisition proposal. Abstentions and broker non-votes do not satisfy this requirement. Additionally, holders demanding conversion must deliver their shares (either physically or electronically using Depository Trust Company's DWAC (Deposit Withdrawal at Custodian System) to our transfer agent promptly after the meeting. If you hold the shares in street name, you will have to coordinate with your broker to have your shares certificated or delivered electronically. Shares that have not been tendered (either physically or electronically) in accordance with these procedures will not be converted into cash.

The closing price of Endeavor's common stock on _____, 2007 (the record date) was \$ _____ per share, pro rata cash held in the trust account on the record date was approximately \$ _____. Prior to exercising conversion rights, Endeavor's 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 if the market price per share is higher than the conversion price. We cannot assure Endeavor stockholders that they will be able to sell their shares of Endeavor common stock in the open market, even if the market price per share is higher than the conversion price stated above, as there may not be sufficient liquidity in Endeavor's securities when its stockholders wish to sell their shares.

If the holders of approximately 3,230,149 or more shares of common stock issued in Endeavor's IPO (an amount equal to 20% or more of those shares), vote against the acquisition and properly demand conversion of their shares, we will not be able to consummate the acquisition.

If you exercise your conversion rights, then you will be exchanging your shares of our common stock for cash and will no longer own those shares. You will be entitled to receive cash for these shares only if you affirmatively vote against the acquisition proposal, properly demand conversion, and deliver your shares (either physically or electronically) to our transfer agent promptly after the meeting.

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Appraisal Rights

Stockholders of Endeavor do not have appraisal rights in connection the acquisition under the DGCL.

Proxy Solicitation Costs

We are soliciting proxies on behalf of Endeavor's board of directors. This solicitation is being made by mail but also may be made by telephone or in person. We and our directors and officers may also solicit proxies in person, by telephone or by facsimile or email.

We have hired _____ to assist in the proxy solicitation process. We will pay _____ a fee of approximately \$ _____ plus reasonable out-of-pocket charges and a flat fee of \$ _____ per outbound proxy solicitation call. Such fee will be paid with non-trust account funds.

We will ask banks, brokers and other institutions, nominees and fiduciaries to forward its proxy materials to their principals and to obtain their authority to execute proxies and voting instructions. We will reimburse them for their reasonable expenses.

Endeavor Inside Stockholders

At the close of business on the record date, the Endeavor Inside Stockholders beneficially owned and were entitled to vote 3,750,000 shares or approximately 18.8% of the then outstanding shares of Endeavor's common stock, which includes all of the shares held by Endeavor's directors and executive officers and their affiliates. Among the Endeavor Inside Stockholders is Eric Watson, Endeavor's current chairman of the board, and Jonathan Ledecy, Endeavor's current chief executive officer. All of the Endeavor Inside Stockholders have agreed to vote their shares on the acquisition proposal in accordance with the majority of the votes cast by the holders of shares issued in Endeavor's IPO. The Endeavor Inside Stockholders also have indicated that they intend to vote their Original Shares in favor of all other proposals being presented at the meeting. These Endeavor Inside Stockholders have also indicated they intend to vote any shares they acquired after the IPO for all of the proposals. As of the record date, the Endeavor Inside Stockholders have not acquired any additional shares of Endeavor common stock since the IPO. All of the Endeavor Inside Stockholders also agreed, in connection with the IPO, to place their shares in escrow until December 15, 2008.

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THE ACQUISITION PROPOSAL

The discussion in this document of the acquisition and the principal terms of the Acquisition Agreement by and among Endeavor, Merger Sub, each of the American Apparel companies, and the American Apparel stockholders is subject to, and is qualified in its entirety by reference to, the Acquisition Agreement. A copy of the Acquisition Agreement is attached as *Annex A* to this proxy statement.

General Description of the Acquisition

The Acquisition Agreement provides for a business combination transaction in which:

American Apparel will merge into the Merger Sub, with Merger Sub surviving the merger as a wholly owned subsidiary of Endeavor and Endeavor changing its name to American Apparel, Inc. ;

Endeavor or a wholly-owned subsidiary of Endeavor (the Canadian Newco) will acquire all of the outstanding capital stock of each of the CI companies, and each such company will become a wholly-owned subsidiary of Endeavor; and

Merger Sub will be renamed American Apparel (USA), Inc. after completion of the acquisition.

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 32,258,065 shares of Endeavor common stock, subject to adjustment, including in circumstances where American Apparel's net debt at the close of business on the date two business days prior to the closing of the acquisition is more than \$110,000,000 and/or if Mr. Charney fails to consummate the Lim Buyout. Following the consummation of the acquisition, Endeavor will pay an aggregate of \$2.5 million of cash bonuses to existing American Apparel employees. See the section entitled *The Acquisition Agreement Acquisition Consideration*.

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, and that the Lim Buyout is consummated by Mr. Charney, Mr. Charney will own approximately 61.8% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 38.2% of the outstanding Endeavor common stock immediately after the closing of the acquisition;

assuming 19.99% of the common stock issued in Endeavor's initial public offering votes against the acquisition and such stock is converted into cash, and the Lim Buyout is consummated by Mr. Charney, Mr. Charney will own approximately 65.9% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 34.1% of the outstanding common stock of Endeavor immediately following the closing;

assuming none of the Endeavor common stock is converted into cash and Endeavor consummates the Lim Buyout instead of Mr. Charney (at an assumed price of \$62,958,904 as of July 30, 2007), Mr. Charney will own approximately 54.8% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 45.2% of the outstanding common stock of Endeavor immediately following the closing.

assuming 19.99% of the outstanding Endeavor common stock votes against the acquisition and such stock is converted into cash, and Endeavor consummates the Lim Buyout instead of Mr. Charney (at an assumed price of \$62,958,904 as of July 30, 2007), Mr. Charney will own approximately 59.1% of the outstanding Endeavor common stock and the current stockholders of Endeavor will own approximately 40.9% of the outstanding common stock of Endeavor immediately following the closing.

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Background of the Acquisition

The terms of the Acquisition Agreement are the result of arm's-length negotiations between representatives of Endeavor and American Apparel. The following is a discussion of the background of these negotiations, the Acquisition Agreement and related transactions.

Endeavor was formed on July 22, 2005 to effect an acquisition, capital stock exchange, asset acquisition or other similar business combination with an operating business. Endeavor completed its IPO on December 21, 2005, raising gross proceeds, including proceeds from the exercise of the underwriters' over-allotment option, of approximately \$129,285,959. Of these proceeds, approximately \$121,030,234 were placed in a trust account immediately following the IPO and, in accordance with Endeavor's certificate of incorporation, will be released either upon the consummation of a business combination or upon the liquidation of Endeavor. As of March 31, 2007, the trust account had \$126,145,536 contained therein. Endeavor must liquidate unless it has consummated a business combination by December 21, 2007. As of 2007, the record date, approximately \$ was held in deposit in the trust account.

Promptly following Endeavor's IPO, Endeavor contacted several investment banks, including Jefferies, private equity firms, consulting firms, legal and accounting firms and numerous business associates. Through these efforts, Endeavor identified and reviewed information with respect to more than 100 acquisition opportunities based on the acquisition criteria disclosed in the IPO prospectus that Endeavor developed during the process of completing its IPO. Among these opportunities, Endeavor focused on companies that had the best combination of the following characteristics:

demonstrated revenue generation,

compelling growth prospects,

attractive profit margins (current or potential),

talented management with an interest in continuing at the company,

reasonable valuation expectations,

the ability to deploy capital productively,

a willingness to operate as a publicly-traded company, and

an understanding and acceptance of Endeavor's structure, acquisition process and timing.

As discussed below, Endeavor entered into discussions with several companies that it believed met most or all of the foregoing criteria. It exchanged information with these companies, including business plans and financial information and held bilateral management presentations. Although Endeavor investigated these opportunities in varying depth, none resulted in the execution of any preliminary letter of intent or memorandum of understanding. Endeavor declined to move forward on some opportunities because it did not believe the financial characteristics, business dynamics, management teams, attainable valuations and/or deal structures were suitable. There were also companies that were not interested in pursuing a deal with Endeavor based on its publicly-traded status, capital structure or ability to close with sufficient certainty or speed or which decided to accept competitive bids from other acquirers.

On January 13, 2006, Mr. Leddecky, Endeavor's chief executive officer, met with representatives of an investment banking firm that had no prior relationship with Endeavor to discuss potential transactions that might be available to Endeavor. The investment bankers noted that their company had a relationship with a private equity firm that owned a branded restaurant chain with franchising operations that was headquartered

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in Los Angeles, California. In February 2006, a preliminary meeting between representatives of Endeavor and this potential target company were schedule for March 2006. On March 11, 2006, Mr. Ledecy met with a representative of the target business in Washington D.C. to discuss a potential transaction and how the target company might be able to grow its operations post-acquisition. In May and June 2006, additional meetings were

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held among principals of Endeavor, including Mr. Ledecy, principals of the potential target company and principals of the private equity firm that owned such company and information was exchanged between the participants. These meetings resulted in an initial valuation of the target company being set at \$125 million. The private equity firm thereafter arranged for Mr. Ledecy and Mr. Watson, Endeavor's chairman of the board, to visit the target company's headquarters in California and conduct due diligence meetings. These meetings occurred on July 2, 3 and 4, 2006. As the process continued, Endeavor was advised by the private equity firm that owned the target company that another private investment firm had made an offer on the target business for cash with a proposed immediate closing. Discussions between Endeavor and this target company were terminated.

On March 14, 2006, Mr. Ledecy met with representatives from the same investment banking firm it met with on January 13, 2006, to discuss additional potential transactions that may be available to Endeavor. The investment bankers noted that a well-known national chain of weight loss centers headquartered in California was for sale by its private equity owners. It was further noted that another investment bank was handling the sale on behalf of the owners and that a formal process for such sale had commenced. This formal process included an existing offering memorandum and the need for any potential bidder to make a qualifying bid to pursue due diligence. At the March 14, 2006 meeting, Mr. Ledecy instructed the investment bank with whom he was meeting to contact the investment bank representing the target company owners to obtain an offering memorandum and to commence structuring a bid to qualify for further due diligence. The preliminary bid communicated to the target company group was in the \$600-\$650 million range and Endeavor was allowed to proceed with further due diligence. On April 24, 2006, Messrs Ledecy and Watson met with the entire senior management team of the target company and representatives of the target company's investment bank. Endeavor received a full presentation by senior management and conducted extensive on-site due diligence along with representatives from a large institutional hedge fund willing to co-invest with Endeavor. Mr. Ledecy then held several telephonic meetings with members of the target company's management team during May 2007. On June 19, 2006, the target company announced that it had agreed to be acquired by one of the leading global conglomerates in the food industry for \$600 million.

On July 17, 2006, Mr. Ledecy met with representatives of another investment banking firm that had no prior relationship with Endeavor to discuss potential transactions that might be available to Endeavor. The investment bankers noted they had as a client that is a restaurant chain headquartered in California that had strong regional brand recognition on the West Coast. On August 14, 2006, Mr. Ledecy conducted initial due diligence on the target company and its brand, which included visits to several of the target company's California locations. On September 9, 2006, Mr. Ledecy met in Dallas, Texas with a representative of the investment bank that had identified the target company to Endeavor and a member of the board of directors of the target company to discuss Endeavor and its structure and information related to Endeavor's continuing due diligence process. On September 26, 27 and 28, 2006, meetings were held in the target company's California headquarters between the target company's entire senior management, Messrs. Ledecy and Watson and representatives of the investment bank. Endeavor proposed the basic terms of a proposed transaction, including an initial valuation of the target company of between \$150 million and \$200 million. The meetings were adjourned and it was agreed that the target company would consider the proposal. On October 10, 2006, Endeavor was notified by the target company's investment bankers that the target company did not believe it was well-positioned to make the transition from a private company to a public company. Discussions were then terminated.

On July 18, 2006, Mr. Ledecy met in New York with principal shareholders of a regional ethanol producer headquartered in the Midwestern United States and representatives of the investment banking firm representing the target company. In July 2006, Mr. Edward Mathias, a member of the board of directors of Endeavor, held an additional meeting with one of the principal shareholders of the target company. On July 27, 2006, an additional meeting was in New York among principals of Endeavor, including Mr. Ledecy, a principal shareholder of the target company and members of management of the target company. During the following two weeks, due diligence and valuation discussions were held and a proposed purchase price for the target company in the \$150-200 million range was discussed. On August 8, 2006, a meeting was held in New York with a principal

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shareholder of the target company and representatives of certain investment banks that Endeavor had worked with in connection with other potential targets. The principal shareholder indicated that a purchase price in the \$200-250 million range would be necessary to buy the target company. Endeavor, in consultation with the investment bankers determined that this price was not in the best interests of Endeavor. Discussions with the target company were then terminated.

In July 2006, Mr. Ledecy met with Endeavor consultant Mr. Martin Dolfi to discuss deal flow. He discussed with Mr. Dolfi the philosophy espoused by Mr. Peter Lynch to invest in what you know. Mr. Ledecy then asked for examples of products that Mr. Dolfi used and enjoyed. Mr. Dolfi indicated that he enjoyed the clothing sold at American Apparel. As a way to reinforce the discussion, Mr. Ledecy instructed Mr. Dolfi to research the American Apparel company. Mr. Dolfi returned in August 2006 with a research book presentation on American Apparel. Mr. Ledecy then instructed Mr. Dolfi to determine whether American Apparel had a business development officer. Mr. Dolfi reached Mr. Adrian Kowalewski of American Apparel and on September 26, 2006 a meeting among Messrs. Watson, Ledecy and Kowalewski took place at American Apparel's Los Angeles headquarters. Mr. Kowalewski gave Messrs. Watson and Ledecy a tour of the facilities and answered preliminary questions.

In early October 2006, Mr. Watson was contacted by a private equity owner of a leading fashion accessory company. Endeavor had an initial exchange of information with the target company, and during October 2006, held several telephonic meetings with representatives of the target company. On October 20, 2006, Endeavor made an initial bid for the target company of approximately 175 million British Pounds Sterling. However, in early November 2006, Endeavor was advised that the target company had elected to accept a bid from another party.

On a regular basis throughout October 2006, Messrs. Dolfi and Kowalewski held discussions and exchanged information about American Apparel. Valuation discussions of a general nature took place as the two companies exchanged information.

On October 25, 2006, Mr. Ledecy received a call from Mr. Charney, American Apparel's chief executive officer and founder. During this conversation, Mr. Ledecy shared information about Endeavor and answered questions regarding Endeavor's philosophy with respect to seeking target companies and for the operations and growth of a target post-acquisition. Messrs. Ledecy and Charney also discussed the structural issues surrounding a blank check company. Mr. Charney then invited Messrs. Ledecy and Watson to visit him the following day in Montreal, Canada.

On October 26, 2006, Messrs. Watson and Ledecy visited Mr. Charney in Montreal, Canada and during this visit reviewed American Apparel's history and operations, as well as its on-line and information technology operations, and toured several of American Apparel's Montreal retail locations. Messrs. Watson, Ledecy and Charney met again over dinner to discuss the companies and their respective backgrounds in greater detail.

From November 13 to November 17, 2006, Mr. Dolfi toured American Apparel's California facilities and retail locations and conducted financial and general due diligence. From November 20 to November 22, 2006, Messrs. Charney and Ledecy met in New York City in a series of meetings to negotiate the general terms of the transaction. These meetings also included tours of American Apparel's various New York City retail stores and operations.

On November 22, 2006, Messrs. Charney and Ledecy, together with Mr. Keith Miller (an advisor to Mr. Charney) and Mr. Michael Rapp of Broadband Capital Management LLC, an underwriter of Endeavor's IPO, met in Mr. Rapp's offices in New York to discuss the potential transaction and to provide Messrs. Miller and Charney with additional information on special purpose acquisition companies (SPACs).

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On November 22, 2006, a letter of intent was executed by Endeavor and American Apparel. The terms of the letter of intent provided for (i) the issuance to Mr. Charney of \$190 million of Endeavor common stock valued at \$7.75 per share (i.e., 24,516,129 shares), (ii) payment of \$60 million to Mr. Charney to be used at closing of the acquisition to repurchase all of Mr. Lim's equity interests in American Apparel and the assumption of American Apparel's debt, which was not to exceed \$80 million at closing of the acquisition. The number of shares issuable to Mr. Charney was subject to downward adjustment in the event American Apparel's EBITDA for 2006 was less than \$40 million or its projected 2007 EBITDA was less than \$57 million, in each case as adjusted for deferred rent, litigation and other appropriate items.

On November 23, 2006, Endeavor delivered to American Apparel an extensive due diligence request list. Endeavor began to focus its resources on compiling and reviewing in detail the due diligence materials received from American Apparel. Endeavor provided copies of all diligence information received by Endeavor to its counsel, Graubard Miller, for review and legal due diligence. Additionally, Endeavor instructed Graubard Miller to begin preparation of the first draft of a definitive acquisition agreement consistent with the terms of the letter of intent. Throughout the due diligence process, Endeavor and its counsel had numerous telephone conversations with individuals at American Apparel in order to discuss issues relating to the potential transaction.

During the week of December 4, 2006, a series of all-day meetings were held at American Apparel's headquarters in Los Angeles. The Endeavor due diligence team included Messrs. Ledecy and Dolfi and consultants from Bendon, an apparel company controlled by Mr. Watson. Representatives of Jefferies, which we subsequently retained in connection with rendering a fairness opinion, were also in attendance. During this visit to American Apparel's facilities, Endeavor interviewed more than 30 American Apparel employees across the various departments of American Apparel. Endeavor also held meetings with the audit partner of American Apparel's outside certified public accountant. Endeavor also conducted a series of meetings with consultants hired by American Apparel to interface with its senior lenders and subordinated debt lenders. Endeavor conducted telephonic meetings with all of American Apparel's secured lenders, in each instance, with American Apparel's chief financial officer, Ken Cieply.

Endeavor's due diligence also included numerous calls with Marcum & Kliegman LLP, both with and without representatives from American Apparel on the phone, where American Apparel's financial statements, financial reporting systems and significant accounting policies were discussed. Marcum & Kliegman did not provide any report, opinion or appraisal materially relating to the transaction. Marcum & Kliegman is the independent outside auditor for Endeavor and became the independent outside auditor for American Apparel after the Acquisition Agreement was executed. Marcum & Kliegman maintains separate audit teams for each of Endeavor and American Apparel, which teams are independent of one another.

On numerous occasions through the process, Endeavor's board of directors discussed the terms of the letter of intent and proposed business combination with American Apparel. All of Endeavor's directors received a copy of the letter of intent as well as financial, operational and descriptive information about American Apparel. The directors were continuously updated as to the status of the due diligence and negotiations, and copies of the most recent drafts of the significant transaction documents were delivered to the directors in connection with their consideration of the proposed business combination with American Apparel.

Throughout the period from November 23, 2006 through December 18, 2006 succeeding drafts of the transaction documents were prepared in response to comments and suggestions of the parties and their counsel, with management and counsel for both companies engaging in numerous negotiating sessions. Included in the various transaction documents, in addition to the Acquisition Agreement, were an escrow agreement, voting agreement, lock-up agreements, and an employment agreement for Mr. Charney.

Representatives of Endeavor met with Mr. Charney at the offices of Graubard Miller numerous times during the period from December 11 through December 18, 2006 in order to resolve open items and to discuss the progress of the transaction. During these discussions, negotiations were conducted to revise the terms of the acquisition. It was agreed that the parties would prefer that the acquisition consideration be solely in the form of

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stock in order to preserve as much of Endeavor's cash as possible so it would be available to American Apparel after the closing of the business combination to fund American Apparel's operations and growth plans and provide American Apparel with flexibility with respect to its existing credit facilities. It was also agreed by the parties that keeping the acquisition consideration solely in the form of stock would fully align the interests of Mr. Charney with the stockholders of the post-business combination and evidence his belief in the future potential of American Apparel. However, it was also determined that the purchase of Mr. Lim's equity interest in American Apparel could be accomplished only with cash. It was decided that Mr. Charney would be given the opportunity to purchase Mr. Lim's position prior to closing, and if this could not be accomplished, that Endeavor would purchase Mr. Lim for cash as further described in this proxy statement. Increases to American Apparel's indebtedness were noted and it was agreed that if American Apparel's net debt was more than \$110,000,000 when acquired by Endeavor, the number of shares of Endeavor common stock to be issued in the acquisition would be lowered as described in this proxy statement. As part of this negotiation, the parties agreed to eliminate a share reduction based on EBITDA, but to have EBITDA targets remain a waiveable condition to consummation of the deal. The draft of the Acquisition Agreement was revised to reflect these modified terms.

On December 18, 2006, a meeting of the board of directors of Endeavor was held. All directors attended, as did, by invitation telephonically, David Alan Miller, Esq., Brian L. Ross, Esq. and Jeffrey M. Gallant, Esq. of Graubard Miller. Prior to the meeting, copies of the most recent drafts of the significant transaction documents, in substantially final form, were delivered to all participants. Messrs. Watson and Leddecky discussed at length with Endeavor's board the different analyses used to determine whether the acquisition consideration to be paid by Endeavor was fair from a financial point of view to Endeavor's stockholders, as well as to determine the fair market value of American Apparel. After considerable review and discussion, the Acquisition Agreement and related documents were unanimously approved, and the board determined to recommend the approval of the acquisition to the stockholders of Endeavor. However, the board specifically conditioned such approval on Endeavor obtaining, prior to soliciting the vote of stockholders on the acquisition, an opinion from an investment bank to the effect that the consideration to be paid by Endeavor pursuant to the Acquisition Agreement is fair, from a financial point of view, to the holders of Endeavor common stock and that the fair market value of American Apparel was at least equal to 80% of Endeavor's net assets.

The Acquisition Agreement was signed on December 18, 2006. Immediately thereafter, Endeavor and American Apparel issued a joint press release announcing the execution of the Acquisition Agreement and discussing the terms of the Acquisition Agreement, and on December 20, 2006, Endeavor filed a Current Report on Form 8-K discussing in greater detail the terms of the Acquisition Agreement and American Apparel's business.

On May 9, 2007, representatives of Jefferies made a presentation to Endeavor's board of directors concerning the financial terms of the acquisition and delivered to the board Jefferies' opinion to the effect that, as of that date and based upon and subject to the various considerations and assumptions set forth in its opinion, the consideration of approximately 32.3 million shares of Endeavor common stock to be paid by Endeavor pursuant to the Acquisition Agreement was fair from a financial point of view, to the holders of Endeavor common stock, other than affiliates of Endeavor, and that the fair market value of American Apparel was at least equal to 80% of Endeavor's net assets. For a more detailed description of the Jefferies' opinion, see the section entitled *The Acquisition Proposal Opinion of Jefferies & Company, Inc.*

There are no finders' fees payable in connection with the acquisition.

Endeavor's Board of Directors' Reasons for Approval of the Acquisition

General

The final agreed-upon consideration in the Acquisition Agreement was determined by several factors. Endeavor's board of directors reviewed industry and financial data, including certain valuation analyses and metrics compiled by management, in order to determine that the consideration to be paid by Endeavor in the acquisition was fair and that the acquisition was in the best interests of Endeavor's stockholders.

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In order to enable the board of directors of Endeavor to evaluate the proposed acquisition, Endeavor's management conducted a due diligence review with respect to American Apparel that included:

a general analysis of American Apparel's industry;

tours of American Apparel's manufacturing facilities and principal offices in Los Angeles, California;

on-site visits to various American Apparel retail stores;

a valuation analysis of American Apparel; and

reviews of historic financial statements and information and financial projections provided by American Apparel.

The Endeavor board of directors considered a wide variety of factors in connection with its evaluation of the acquisition. In light of the complexity of those factors, the Endeavor board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decision. In addition, individual members of the Endeavor board may have given different weight to different factors.

The historical financial information and financial projections provided to Endeavor by American Apparel in November and December 2006 included:

unaudited financial statements for the year ended June 30, 2004 and the six months ended December 31, 2004;

unaudited financial statements for the year ended December 31, 2005;

unaudited financial statements for the ten-month period ended October 31, 2006; and

financial projections for the year ending December 31, 2007.

Initial board approval

As of December 18, 2006, the date on which Endeavor's board of directors first met to vote upon the acquisition of American Apparel, American Apparel had provided Endeavor with estimates that American Apparel's revenues for the year ending December 31, 2006 would be approximately \$275 million, a 36.5% increase from revenues of \$216 million for the year ended December 31, 2005. As of December 18, 2006, American Apparel had also provided Endeavor with projections that American Apparel's revenues for the year ending December 31, 2007 would be at least \$355 million, a 29% increase from the \$275 million of revenues then expected for the year ending December 31, 2006. American Apparel had advised that the growth in revenues evidenced by these estimates and projections would be driven by anticipated growth in same store sales and the opening of additional retail locations, as well as increases in online sales. As of December 18, 2006, American Apparel was projecting approximately \$30 million of EBITDA for 2006, giving effect to various non-cash and one-time adjustments (of up to \$5 million in the aggregate) prescribed by the Acquisition Agreement and \$50 million of EBITDA for 2007, subject to similar adjustments. American Apparel had advised Endeavor that the projected increase in EBITDA from 2006 to 2007 would be driven primarily by the projected increase in revenues and improvements in EBITDA margins as selling, general and administrative and research and development expenses were forecast to decrease as a percentage of sales as they were spread across a larger base of revenues.

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Based on the foregoing information and procedures, the board of directors of Endeavor unanimously approved the Acquisition Agreement. In considering the acquisition, the Endeavor board of directors gave considerable weight to the following factors:

American Apparel's record of growth and potential for future growth. Endeavor believes that American Apparel has a well-established and growing brand and has in place the core infrastructure for strong business operations that will enable American Apparel to achieve growth both organically and through accretive strategic acquisitions. Endeavor's belief in American Apparel's growth potential is

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based in part on American Apparel's historical growth rate. American Apparel had experienced a compounded annual growth rate of approximately 62% in revenues from approximately \$40 million in 2002 to estimated revenues of \$275 million in 2006, while it experienced a compounded annual growth rate of approximately 69% in EBITDA from approximately \$4 million to more than \$30 million over the same period.