Alternative Asset Management Acquisition Corp.
Form 10-Q
November 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2008.

or

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____________ to ____________

Commission file number 001-33629

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

Delaware	**20-8450938**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

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

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

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

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

Yes x No o

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

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

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

Yes x No o

As of November 14, 2008 there were 51,750,000 shares of common stock, par value $.0001 per share, issued and outstanding.

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2008

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Forward-Looking Statements

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

- *Ability to complete our initial business combination;*
- *Success in retaining or recruiting, or changes required in, our officers, key employees or directors following our initial business combination;*
- *Officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving our initial business combination, as a result of which they would then receive expense reimbursements;*
- *Potential ability to obtain additional financing to complete our initial business combination;*
- *Limited pool of prospective target businesses;*
- *The ability of our officers and directors to generate a number of potential investment opportunities;*
- *Potential change in control if we acquire one or more target businesses for stock;*
- *Our public securities potential liquidity and trading;*

- *The delisting of our securities from the American Stock Exchange or the ability to have our securities listed on the American Stock Exchange following our initial business combination;*
- *Use of proceeds not held in the trust account or available to us from interest and dividend income on the trust account balance; or*
- *Financial performance.*

The forward-looking statements contained or incorporated by reference in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading Risk Factors (refer to Part II, Item 1A). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

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

	September 30, 2008	December 31, 2007
	(Unaudited)	
Assets		
Current assets		
Cash	$ 1,320,984	$ 1,147,585
Cash held in trust account, interest and dividend income available for working capital and taxes	95,521	3,401,744
Prepaid expenses	102,081	186,499
Total current assets	1,518,586	4,735,828
Trust account, restricted		
Cash held in trust account, restricted	405,731,768	402,948,395
	1,019,733	507,583

Corporate tax refund receivable due to trust account, restricted				
Prepaid corporate taxes due to trust account, restricted		445,043		
		407,196,544		403,455,978
Total assets	$	408,715,130	$	408,191,806
Liabilities and stockholders equity				
Current liabilities				
Accounts payable and accrued expenses	$	555,427	$	155,689
Corporate taxes payable		234		2,113,749
Total current liabilities		555,661		2,269,438
Common stock subject to possible conversion (12,419,999 shares at conversion value)		122,158,953		120,884,509
Commitments and contingencies				
Stockholders equity				
Preferred stock, $0.0001 par value, authorized 1,000,000 shares; none issued				
Common stock, $0.0001 par value; authorized 120,000,000 shares; issued and outstanding 51,750,000 shares (less 12,419,999 subject to possible conversion)		3,933		3,933
Additional paid-in capital		280,047,491		281,321,935
Income accumulated during development stage		5,949,092		3,711,991
Total stockholders equity		286,000,516		285,037,859
Total liabilities and stockholders equity	$	408,715,130	$	408,191,806

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

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

	For the three months ended	For the three months ended	For the nine months ended	For the period from January 26, 2007 (inception) through	For the period from January 26, 2007 (inception) through

	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007	September 30, 2008
Revenue	$	$	$	$	$
Formation and operating costs	264,724	130,238	2,152,173	131,238	2,548,980
Loss from operations	(264,724)	(130,238)	(2,152,173)	(131,238)	(2,548,980)
Interest and dividend income	1,557,008	2,961,914	5,549,757	2,961,914	12,563,721
Income before provision for income taxes	1,292,284	2,831,676	3,397,584	2,830,676	10,014,741
Provision for income taxes	444,406	1,296,472	1,160,483	1,296,472	4,065,649
Net income	847,878	1,535,204	2,237,101	1,534,204	5,949,092
Accretion of trust account income relating to common stock subject to conversion	(320,957)		(1,274,444)		(1,431,462)
Net income attributable to other common stockholders	$ 526,921	$ 1,535,204	$ 962,657	$ 1,534,204	$ 4,517,630
Weighted average number of common shares outstanding excluding shares subject to possible conversion- basic and diluted	39,330,001	30,510,001	39,330,001	18,667,130	
Basic and diluted net income per share attributable to other common stockholders	$ .01	$ .05	$ .02	$ .08	

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

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

Condensed Statements of Changes in Stockholders Equity
(Unaudited)
For the Period from January 26, 2007 (inception) through September 30, 2008

	Common Stock		Additional paid-in capital	Income accumulated during development stage	Total stockholders equity
	Shares	Amount			
Balance, January 26, 2007 (inception)		$	$	$	$
Issuance of stock to initial stockholders	10,350,000	1,035	23,965		25,000
Sale of 41,400,000 units, net of underwriters discount and offering expenses (includes 12,419,999 shares subject to possible conversion)	41,400,000	4,140	397,556,237		397,560,377
Proceeds subject to possible conversion of 12,419,999 shares		(1,242)	(120,883,267)		(120,884,509)
Proceeds from issuance of sponsor s warrants			4,625,000		4,625,000
Net income for the period January 26, 2007 (inception) through December 31, 2007				3,711,991	3,711,991
Balance, December 31, 2007	51,750,000	3,933	281,321,935	3,711,991	285,037,859
Accretion of trust account income relating to common stock subject to possible conversion			(1,274,444)		(1,274,444)
Net income for the nine months ended September 30, 2008				2,237,101	2,237,101

Balance September 30, 2008 (Unaudited)	51,750,000	$ 3,933	$ 280,047,491	$ 5,949,092	$ 286,000,516

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

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

	For the nine months ended September 30, 2008	For the period from January 26, 2007 (inception) through September 30, 2007	For the period from January 26, 2007 (inception) through September 30, 2008
Cash Flows from Operating Activities			
Net income	$ 2,237,101	$ 1,534,204	$ 5,949,092
Adjustments to reconcile net income to net cash provided by operating activities:			
Changes in operating assets and liabilities:			
Accounts payable and accrued expenses	399,738	124,638	555,427
Prepaid expenses	84,418	(10,500)	(102,081)
Corporate taxes payable	(2,113,515)	1,296,472	234
Net cash provided by operating activities	607,742	2,944,814	6,402,672
Cash Flows from Investing Activities			
Cash held in trust account, restricted	(2,783,373)	(403,721,472)	(405,731,768)
Cash held in trust account, interest and dividend income available for working capital	3,306,223	(1,665,442)	(95,521)
Prepaid corporate taxes due to trust account, restricted	(445,043)		(445,043)
Corporate tax refund receivable due to trust account	(512,150)		(1,019,733)
Net cash used in investing activities	(434,343)	(405,386,914)	(407,292,065)
Cash Flows from Financing Activities			
Proceeds from issuance of stock to initial stockholders		25,000	25,000
Proceeds from initial public offering shares		414,000,000	414,000,000
Proceeds from notes payable, stockholders		175,000	175,000
Repayment of notes payable, stockholders		(175,000)	(175,000)
Proceeds from issuance of sponsors warrants		4,625,000	4,625,000
Payment of underwriter s discounts and offering costs		(16,199,939)	(16,439,623)

Net cash provided by financing activities		402,450,061	402,210,377
Net increase in cash	173,399	7,961	1,320,984
Cash at beginning of the period	1,147,585		
Cash at end of the period	$ 1,320,984	$ 7,961	$ 1,320,984
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Income taxes	$ 4,231,191	$	$ 5,530,191
Non-cash financing and investing transactions:			
Accrual of deferred offering costs	$	$ 138,534	$

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

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

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - INTERIM FINANCIAL INFORMATION, ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The Company s financial statements have been retroactively restated to reflect the effect of a stock dividend of 0.22667 shares of common stock per share of outstanding common stock issued on July 5, 2007, the effect of a stock dividend of 0.5 shares of common stock per share of outstanding common stock issued on July 27, 2007, and the effect of a stock dividend of 0.2 shares of common stock per share of outstanding common stock issued on August 1, 2007.

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

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

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

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

Going Concern and Management s Plan and Intentions

Other than interest and dividend income of up to $3.5 million from the trust account, the Company s only source of income to enable it to continue to fund its search for an acquisition candidate is the interest and dividends it earns on its cash not held in the Trust Account. In addition, there can be no assurance that the Company will consummate a Business Combination prior to August 1, 2009. Pursuant to its Certificate of Incorporation, if the Company is unable to consummate a timely Business Combination, the Company will liquidate and return the funds held in the Trust Account to the holders of shares issued in its initial public offering. These factors raise substantial doubt about the Company s ability to continue as a going concern. These financial statements do not include any adjustment that might result from the outcome of these uncertainties.

Accretion of Trust Account Relating to Common Stock Subject to Possible Conversion

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

NOTE 1 - INTERIM FINANCIAL INFORMATION, ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings Per Share

The Company follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share . In accordance with SFAS No. 128, earnings per common share amounts (Basic EPS) is computed by dividing earnings by the weighted average number of common shares outstanding for the period. Common shares subject to possible conversion of 12,419,999 have been excluded from the calculation of basic earnings per share since such shares, if redeemed, only participate in their pro rata shares of the trust earnings. Earnings per common share amounts, assuming dilution (Diluted EPS), gives effect to dilutive options, warrants, and other potential common stock outstanding during the period. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the statements of operations. In accordance with SFAS No. 128, the Company has not considered the effect of its outstanding Warrants in the calculation of diluted earnings per share since the exercise of the Warrants is contingent upon the occurrence of future events.

Concentration of Credit Risk

SFAS No. 105, Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk , requires disclosure of significant concentrations of credit risk regardless of the degree of risk. At September 30, 2008, financial instruments that potentially expose the Company to credit risk consist of cash. All of the funds in the Company's trust account are invested in the Citi Institutional US Treasury Reserves Fund (the Fund). Based on the Fund's current prospectus, the Fund invests in U.S. Treasury bills, bonds, notes and receipts and may also invest in short-term obligations of U.S. government agencies and instrumentalities, but only if the obligations are backed by the full faith and credit of the United States Treasury. At

September 30, 2008 the Federal Deposit Insurance Corporation insured balances in bank accounts up to $100,000 ($250,000 effective October 3, 2008) and the Securities Investor Protection Corporation insured balances up to $500,000 in brokerage accounts.

Recently Issued Accounting Pronouncements

In February 2008, the Financial Accounting Standards Board (FASB) issued Staff Positions (FSP) No. 157-1 and No. 157-2, which respectively, remove leasing transactions from the scope of Statement of Financial Accounting (SFAS) No. 157 and defer its effective date for one year relative to certain nonfinancial assets and liabilities. As a result, the application of the definition of fair value and related disclosures of SFAS No. 157 (as impacted by these two FSPs) was effective for the Company beginning January 1, 2008 on a prospective basis with respect to fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company s financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. This adoption did not have a material impact on the Company s results of operations or financial condition. The remaining aspects of SFAS No. 157 for which the effective date was deferred under FSP No. 157-2 are currently being evaluated by the company. Areas impacted by the deferral relate to nonfinancial assets and liabilities that are measured at fair value, but are recognized or disclosed at fair value on a nonrecurring basis.

This deferral applies to such items as nonfinancial assets and liabilities initially measured at fair value in a business combination (but not measured at fair value in subsequent periods) or nonfinancial long-lived asset groups measured at fair value for an impairment assessment. The effects of these remaining aspects of SFAS No. 157 are to be applied to fair value measurements prospectively beginning January 1, 2009. The Company does not expect them to have a material impact on the Company s results of operations or financial condition.

NOTE 1 - INTERIM FINANCIAL INFORMATION, ORGANIZATION, BUSINESS OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements (continued)

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

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

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

NOTE 2 - INCOME TAXES

The difference between the Company s effective tax rate (44%) for its fiscal year ended December 31, 2007 and its effective tax rate (34%) for the nine months ended September 30, 2008 was due primarily to the fact that in its fiscal year ending December 31, 2007, the Company was subject to Personal Holding Company taxes which it was not subject to for the nine months ended September 30, 2008.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Company has a commitment to pay to the underwriters of its initial public offering a total underwriting discount of 7% ($29 million) of the total proceeds from the offering. The payment to the underwriters representing 3.25% ($13.5 million) of the gross proceeds from the Company s initial public offering is deferred until the Company consummates a Business Combination.

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

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

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

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

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under Management s Discussion and Analysis of Financial Condition and Results of Operations regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this Form 10-Q, words such as anticipate, believe, estimate, expect, intend and similar expressions, as they relate to us or our managem identify forward looking statements. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those contemplated by the forward looking statements as a result of certain factors detailed in our filings with the Securities and Exchange Commission (the SEC). All subsequent written or oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

Overview

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

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

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

On June 23, 2008, the Company entered into an agreement with Halcyon (the Termination Agreement) to mutually terminate the Purchase Agreement. Under the terms of the Termination Agreement, the Company and Halcyon agreed to a release of any claims against each other, as more fully set forth in the Termination Agreement

and the Company agreed to reimburse Halycon for $1,000,000 of its expenses in the event the Company consummates a business combination prior to August 1, 2009. The Company is currently evaluating other target businesses for a potential business combination.

Results of Operations and Known Trends or Future Events

For the three months and nine months ended September 30, 2008 and for the period from January 26, 2007 (inception) through September 30, 2008, we had net income of $847,878, $2,237,101 and $5,949,092, respectively. Our income was all derived from interest and dividends earned on the net proceeds of our initial public offering. For the period from January 26, 2007 (inception) through September 30, 2007 and for the three months ended September 30, 2007, we had net income of $1,534,204 and $1,535,204, respectively.

We incurred $2,152,173 and $2,548,980 in formation and operating costs during the nine months ended September 30, 2008 and for the period from January 26, 2007 (inception) through September 30, 2008, respectively. These costs consisted of approximately $1,491,000 of terminated acquisition related costs, $251,000 of legal and accounting costs, $86,000 for director and officer insurance, $158,000 for administrative services, $124,000 for taxes and the balance of

$42,000 for other miscellaneous expenses for the nine month period. For the three months ended September 30, 2008, we expensed approximately $72,000 of previously deferred terminated acquisition costs, $50,000 of corporate, legal and accounting expenses, $29,000 of insurance costs, $42,000 of Delaware franchise taxes, and $72,000 of administrative costs.

For the period from January 26, 2007 (inception) through September 30, 2007, we incurred approximately $131,000 of costs consisting of $70,000 of legal and accounting costs, $22,000 of insurance, $1,000 of formation costs, and $38,000 of administrative costs. Of the total costs for the period, only the $1,000 of formation costs was not incurred in the three month period ending September 30, 2007.

All activity from January 26, 2007 (inception) through August 7, 2007 related to our formation and our initial public offering described above. Since August 8, 2007, we have been searching for a target company to acquire. On March 12, 2008 we entered into a definitive agreement to enter into an initial business combination. On June 23, 2008 we terminated that definitive agreement with Halcyon and agreed to a release of any claims against each other. Costs associated with the acquisition in the amount of approximately $1,419,216 have been expensed.

Going Concern and Management s Plan and Intentions

Our funds may not be sufficient to maintain the Company until a business combination is consummated. In addition, there can be no assurance that we will enter into a business combination prior to August 1, 2009. Pursuant to our Certificate of Incorporation, if we are unable to consummate a timely business combination, we would have to liquidate and return the funds held in our trust account to the holders of shares issued in our initial public offering as previously described. These factors raise substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

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

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

Contractual Obligations

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

Liquidity and Capital Resources

As of September 30, 2008, we had available cash of $1,320,984, approximately $14,000 cash held in trust available for working capital and restricted cash of $405,731,768 which is held in a trust account. Until our initial public offering, as described above, our only source of liquidity was the proceeds from the initial private sale of our stock and the subsequent loan made to us by a stockholder. As of September 30, 2008, we had repaid this loan. Since our initial public offering, our only source of income has been from the interest and dividends earned on our cash accounts. The proceeds from our initial public offering that were placed in a trust account were invested in United

States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. As of September 30, 2008 the funds placed in trust were earning an annualized interest rate of approximately 1.36%.

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

As of September 30, 2008, we had available cash of $1,320,984 and approximately $14,000 cash held in trust available for working capital which we expect to use for the due diligence investigation of a target business or businesses and our general administrative expenses. However, if our estimate of the costs of undertaking in-depth due diligence and negotiating an initial business combination is less than the actual amount necessary to do so, or if interest payments are not available to fund the expenses at the time we incur them, we may be required to raise additional capital, the amount, availability and cost of which is currently unascertainable. Moreover, we may need to obtain additional financing either to consummate our initial business combination or because we become obligated to convert into cash a significant number of shares of public stockholders voting against our initial business combination, in which case we may issue additional securities or incur debt in connection with such business combination. Following our initial business combination, if cash on hand is insufficient, we may need to obtain additional financing in order to meet our obligations.

As of September 30, 2008, we had withdrawn $9,130,234 of the interest and dividends earned on the funds held in our trust account. Pursuant to the terms of our trust agreement governing our trust account, we are entitled to use up to $3,500,000 of the earnings (subject to restrictions for monies needed to pay income and franchise tax liabilities) for working capital, provided, however, that the aggregate amount of all such distributions for working capital and income tax payments shall not exceed the total earnings. Of the funds withdrawn, $5,644,737 was for taxes. Therefore, as of September 30, 2008, up to $14,503 was still to be remitted, for working capital purposes, to our operating account which had a balance of $1,320,984 as of September 30, 2008. Once the $3,500,000 is distributed, only distributions to pay income and franchise tax liabilities will be allowed. As of the date of this filing, we have received refunds due of $866,983 on state and city tax estimated payments that we made, which have been returned back to the trust account. Our liabilities are all related to costs associated with operating as a public company and searching for an acquisition target. We believe our working capital will continue to be sufficient to fund our operations until a target is acquired.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange

rates, commodity prices, and/or equity prices. Approximately $402.4 million of the net offering proceeds (which includes $13.5 million of the proceeds attributable to the underwriters deferred discount from our initial public offering) has been placed in a trust account at Citigroup Global Markets Inc., with the Continental Stock Transfer & Trust Company as trustee. As of September 30, 2008, the balance of the trust account was $405,827,289. The proceeds of our initial public offering held in trust have only been invested in U.S. government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Thus, we are currently subject to market risk primarily through the effect of changes in interest rates on short-term government securities and other highly rated money-market instruments. As of September 30, 2008, the effective interest rate payable on our investment was approximately 1.36%. Assuming no other changes to our holdings as of September 30, 2008, a 1% decrease in the underlying interest rate payable on our investment as of September 30, 2008 would result in a decrease of approximately $1 million in the interest earned on our investment for the following 90-day period. Because we are required to invest in government securities or money market funds, as described above, we are unable to manage our exposure to changes in interest rates on short-term government securities and other highly rated money-market instruments. We do not believe that the effect of other changes, such as foreign exchange rates, commodity prices, and/or equity prices currently pose significant market risk for us.

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

ITEM 4T. Controls and Procedures.

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

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

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

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

None.

ITEM 1A. Risk Factors.

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

There have been no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC, except that the agreement with Halcyon for a proposed

business combination was terminated on June 23, 2008, therefore the Risk Factors as they relate to the terminated business combination with Halcyon are no longer applicable.

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

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

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

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

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

ITEM 3. Defaults Upon Senior Securities.

None.

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

None.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits.

(a) Exhibits:

31.1	Section 302 Certification by Chief Executive Officer and President
31.2	Section 302 Certification by Chief Financial Officer and Treasurer
32.1	Section 906 Certification by Chief Executive Officer and President
32.2	Section 906 Certification by Chief Financial Officer and Treasurer

SIGNATURES

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

ALTERNATIVE ASSET MANAGEMENT ACQUISITION CORP.

Dated: November 14, 2008

By: /s/ Mark D. Klein

Mark D. Klein
Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ Paul D. Lapping

Paul D. Lapping
Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

EXHIBIT NO.	
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.