

GLG Partners, Inc.
Form 10-Q
August 09, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2010

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: 001-33217

GLG PARTNERS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-5009693

(I.R.S. Employer Identification No.)

399 Park Avenue, 38th Floor

New York, New York 10022

(Address of principal executive offices) (Zip code)

(212) 224-7200

(Registrant's telephone number, including area code)

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated
filer

Accelerated filer

Non-accelerated filer

Smaller reporting
company

(Do not check if a smaller reporting company)

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

As of August 4, 2010, there were 251,883,013 shares of the registrant's common stock outstanding.

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FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains and incorporates by reference statements relating to our future results (including certain projections and business trends) that are forward-looking statements within the meaning of Section 21E of the Exchange Act and are subject to the safe harbor created by such section. Our actual results may differ materially from those projected as a result of certain risks and uncertainties. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words anticipates, believe, continue, could, estimate, expect, intend, may, might, potential, predict, project, should, would and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on our expectations and beliefs as of the date of these statements 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 Part II, Item 1A, Risk Factors of this Quarterly Report on Form 10-Q and the following:

satisfaction of the conditions of the pending acquisition transaction with Man Group plc, including the approval of a majority of unaffiliated stockholders;

the costs and expenses associated with the pending acquisition transaction;

contractual restrictions on the conduct of our business included in the merger agreement;

the potential loss of key personnel, disruption of our business and operations or any impact on our relationships with third parties as a result of the pending acquisition transaction;

any delay in consummating the proposed acquisition transaction or the failure to consummate the transaction;

the outcome of, or expenses associated with, any litigation which may arise in connection with the pending acquisition transaction, including the purported civil suits filed in Delaware Chancery Court and New York Supreme Court;

the volatility in the financial markets;

our financial performance;

market conditions for the investment funds and managed accounts we manage;

performance of the investment funds and managed accounts we manage, the related performance fees and the associated impacts on revenues, net income, cash flows and fund inflows/outflows;

the impact of net inflows on our mix of assets under management and the associated impacts on revenues;

the cost of retaining our key investment and other personnel or the loss of such key personnel;

risks associated with the expansion of our business in size and geographically;

operational risk, including counterparty risk;

litigation and regulatory enforcement risks, including the diversion of management time and attention and the additional costs and demands on our resources;

risks associated with the use of leverage, investment in derivatives, availability of credit, interest rates and currency fluctuations,

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as well as other risks and uncertainties, including those set forth herein and those detailed from time to time in our other SEC filings. These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

Available Information

We maintain an Internet website at www.glgpartners.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, along with our annual report to shareholders and other information related to our company, are available free of charge on this site as soon as reasonably practicable after we electronically file or furnish these reports with the SEC. Our Internet website and the information contained therein or connected thereto are not intended to be incorporated into this Quarterly Report on Form 10-Q. The inclusion of our Internet website address in this report does not include or incorporate by reference into this report any information on our Internet website.

We routinely post important information on our website for investors. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD promulgated by the SEC. These disclosures will be included on our website under the heading Investor Relations Overview Recent News . Accordingly, investors should monitor this portion of our website, in addition to following our press releases, SEC filings and public conference calls and webcasts.

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GLG PARTNERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(US Dollars in thousands, except share and per share amounts)

	June 30, 2010	December 31, 2009
	(Unaudited)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 201,338	\$ 263,782
Restricted cash	25	5,746
Fees receivable	68,073	104,541
Unsettled fund receivables	12,903	8,948
Prepaid expenses and other assets	35,113	36,892
Total Current Assets	317,452	419,909
Non-Current Assets		
Investments at fair value	29,551	22,048
Goodwill	587	587
Intangible assets (net of accumulated amortization of \$4,505 and \$2,768, respectively)	29,931	34,153
Property and equipment (net of accumulated depreciation and amortization of \$17,521 and \$15,485, respectively)	12,901	12,856
Other non-current assets	9,595	11,228
Total Non-Current Assets	82,565	80,872
Total Assets	\$ 400,017	\$ 500,781
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current Liabilities		
Rebates and sub-administration fees payable	\$ 15,813	\$ 19,717
Accrued compensation, benefits and profit share	44,982	138,686
Income taxes payable	3,399	9,095
Distributions payable	10,062	6,840
Unsettled fund payables	16,142	9,819
Accounts payable and other accruals	41,975	42,187
Revolving credit facility	12,281	12,281
Other liabilities	15,862	13,886
Total Current Liabilities	160,516	252,511
Non-Current Liabilities		
Deferred tax liability	8,607	10,448
Term loan payable (including unamortized gain on modification of \$14,807 and \$19,671, respectively)	288,027	292,891

Convertible notes	228,500	228,500
Total Non-Current Liabilities	525,134	531,839
Total Liabilities	685,650	784,350
Stockholders Deficit		
Common stock, \$.0001 par value; 1,000,000,000 authorized, 2010: 251,883,013 issued and outstanding (2009: 252,358,619 issued and outstanding)	\$ 24	\$ 24
Series A voting preferred stock, \$.0001 par value; 150,000,000 authorized, 2010: 58,904,993 issued and outstanding (2009: 58,904,993 issued and outstanding)	6	6
Additional paid in capital	1,583,021	1,450,151
Treasury stock, 14,101,424 shares of common stock (2009: 14,101,424)	(193,189)	(193,189)
Accumulated other comprehensive income	5,097	7,250
Accumulated deficit	(1,697,453)	(1,562,009)
Total Controlling Stockholders Deficit	(302,494)	(297,767)
Non-controlling interest	16,861	14,198
Total Stockholders Deficit	\$ (285,633)	\$ (283,569)
Total Liabilities and Stockholders Deficit	\$ 400,017	\$ 500,781

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

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GLG PARTNERS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS
(US Dollars in thousands, except share and per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Net revenues and other income				
Management fees, net	\$ 46,868	\$ 36,031	\$ 89,545	\$ 70,458
Performance fees, net	22,371	37,942	25,088	48,759
Administration, service and distribution fees, net	7,672	5,937	15,016	11,410
Other	308	6,232	1,290	7,229
Total net revenues and other income	77,219	86,142	130,939	137,856
Expenses				
Compensation, benefits and profit share	(121,612)	(171,930)	(222,952)	(318,586)
General, administrative and other	(32,302)	(25,426)	(59,050)	(47,743)
Amortization of intangible assets	(853)	(833)	(1,737)	(833)
Third party, distribution, administration and service fees	(811)	(665)	(2,142)	(665)
Total expenses	(155,578)	(198,854)	(285,881)	(367,827)
Loss from operations	(78,359)	(112,712)	(154,942)	(229,971)
Realized loss on available-for-sale investments	(955)		(917)	(21,217)
Gain on debt extinguishment		84,821		84,821
Gain on business combination negative goodwill		21,122		21,122
Fair value movement in trading securities	(455)		22	
Interest income	162	291	417	649
Interest expense	(2,697)	(3,619)	(5,998)	(6,567)
Loss before income taxes	(82,304)	(10,097)	(161,418)	(151,163)
Income tax benefit / (expense)	(1,315)	(1,934)	7,964	(2,552)
Net loss	(83,619)	(12,031)	(153,454)	(153,715)
Less non-controlling interests:				
Share of (income)/losses	10,079	(1,794)	19,067	20,227
Cumulative dividends on exchangeable shares	(1,057)	(10,552)	(1,057)	(11,147)
Net loss attributable to common stockholders	\$ (74,597)	\$ (24,377)	\$ (135,444)	\$ (144,635)
Net loss per share basic and diluted	\$ (0.32)	\$ (0.11)	\$ (0.59)	\$ (0.67)
Weighted average common stock outstanding basic and diluted (in thousands)	230,675	216,814	230,006	216,789

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

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GLG PARTNERS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(US Dollars in thousands)

	Treasury Stock	Common Stock	Additional Paid in Capital	Preferred Stock	Accumulated Other Comprehensive Income*	Accumulated Deficit	Non-controlling Interest	Total Stockholders' Equity/(Deficit)
Balance as of December 31, 2009	\$ (193,189)	\$ 24	\$ 1,450,151	\$ 6	\$ 7,250	\$ (1,562,009)	\$ 14,198	\$ (283,569)
Comprehensive loss								
Net loss						(135,444)	(19,067)	(154,511)
Unrealized loss on available-for-sale equity investments (net of \$197 tax)					(573)		(134)	(707)
Transfer to realized loss on available-for-sale equity investments (nil tax applicable)					743		174	917
Foreign currency translation (nil tax applicable)					(2,323)		(554)	(2,877)
Total comprehensive loss					(2,153)	(135,444)	(19,581)	(157,178)
Share based compensation			134,566				22,236	156,802
Capital contributions			35				8	43
Shares repurchased			(1,731)					(1,731)
Balance as of June 30, 2010	\$ (193,189)	\$ 24	\$ 1,583,021	\$ 6	\$ 5,097	\$ (1,697,453)	\$ 16,861	\$ (285,633)

* Comprised of:
unrealized gain
on
available-for-sale
investments of
\$1,196 at June 30,
2010, \$1,027 at

December 31,
2009; foreign
currency
translation of
\$3,901 at June 30,
2010, \$6,223 at
December 31,
2009.

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

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GLG PARTNERS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS
(US Dollars in thousands)

	Six Months Ended June 30,	2010	2009
Cash Flows From Operating Activities			
Net loss	\$	(153,454)	\$ (153,715)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on business combination negative goodwill			(21,122)
Gain on debt extinguishment			(84,821)
Fair value movement in trading securities		(22)	
Depreciation and amortization		4,528	2,579
Share based compensation		156,802	246,323
Amortization of gain on debt extinguishment		(4,864)	
Cumulative dividend		(1,057)	(11,147)
Foreign exchange remeasurement on bank accounts		5,961	(4,362)
Realized loss on available-for-sale investments		917	21,217
Cash flows due to changes in (net of non cash assets of acquired subsidiaries):			
Fees receivable		36,468	(25,542)
Prepaid expenses and other assets		3,412	(19,293)
Unsettled fund receivables		(3,955)	
Rebates and sub-administration fees payable		(3,904)	(739)
Accrued compensation, benefits and profit share		(93,704)	(16,440)
Income taxes payable		(5,696)	3,478
Distributions payable		3,222	(968)
Accounts payable and other accruals		(2,053)	(4,468)
Unsettled fund payables		6,323	
Other liabilities		3,133	(19,990)
Net cash used in operating activities		(47,943)	(89,010)
Cash Flows From Investing Activities			
Redemption of available-for-sale securities		1,850	35,748
Cash acquired (net of purchase consideration) of subsidiary			7,337
Purchase of trading securities		(11,541)	
Purchase of intangible assets		(998)	
Transfer from /(to) restricted cash		5,721	(61)
Purchase of property and equipment		(1,838)	(971)
Net cash (used in)/provided by investing activities		(6,806)	42,053
Cash Flows From Financing Activities			
Issuance of convertible notes			228,500
Loan repayment			(170,700)
Debt issuance costs			(11,225)
Share repurchases		(1,731)	(64,544)
Capital contributions		43	(136)
Net cash used in financing activities		(1,688)	(18,105)

Net decrease in cash and cash equivalents	(56,437)	(65,062)
Effect of foreign currency translation on cash	(6,007)	7,156
Cash and cash equivalents at beginning of period	263,782	316,195
Cash and cash equivalents at end of period	\$ 201,338	\$ 258,289

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

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**GLG PARTNERS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

(US Dollars in thousands, except share and per share amounts)

1. ORGANIZATION AND BASIS OF PRESENTATION

GLG Partners, Inc. (the Company) is a global asset management company offering its clients a wide range of performance-oriented investment products and managed account services. The Company's primary business is to provide investment management advisory services for various investment funds and companies (the GLG Funds). The Company derives revenue primarily from management fees and administration fees charged to the GLG Funds and accounts it manages based on the value of assets in these funds and accounts, and performance fees charged to the GLG Funds and accounts it manages based on the performance of these funds and accounts.

On April 3, 2009, the Company completed the acquisition of 100% of Société Générale Asset Management Group Ltd.'s share capital to acquire Société Générale Asset Management UK (SGAM UK), Société Générale's UK long-only asset management business, for £4.5 million (\$6,450) in cash. The results since acquisition are included in the consolidated results of the Company.

The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with US generally accepted accounting principles (US GAAP) have been condensed or omitted pursuant to the SEC's rules and regulations.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated and combined financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

The Company operates in one business segment, the management of global funds and accounts. The Company uses a multi-strategy approach, offering investment funds and managed accounts across a diverse range of strategies and products. The Company does not own a substantive controlling interest in any of the GLG Funds it manages and as a result none of the GLG Funds are consolidated by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Included below are excerpts of the Company's significant accounting policies, including those that have been revised in 2010. For the Company's significant accounting policies, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

Principles of combination and consolidation

Upon consummation of the Acquisition, the GLG Entities became wholly owned subsidiaries of the Company and from that date the financial statements have been prepared on a consolidated basis and consolidate those entities over which the legal parent, the Company, has control over significant operating, financial or investing decisions.

The Company consolidates certain entities it controls through a majority voting interest or otherwise in which the Company is presumed to have control.

The Company has determined that the majority of GLG Funds that it manages are Variable Interest Entities in that the management contract cannot be terminated by a simple majority of unrelated investors. The Company has determined that it is not the Primary Beneficiary and so does not consolidate any of these GLG Funds. The Company earns substantially all of its revenue from the GLG Funds and managed accounts.

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**GLG PARTNERS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

(US Dollars in thousands, except share and per share amounts) (cont d)

Non-controlling Interests in Consolidated Subsidiaries

FA Sub 2 Limited Exchangeable Shares

Upon consummation of the Acquisition, Noam Gottesman and the Gottesman GLG Trust received, in exchange for their interests in the GLG Entities, 58,904,993 exchangeable Class B ordinary shares of FA Sub 2 Limited (the Exchangeable Shares) and 58,904,993 shares of the Company s Series A voting preferred stock (the Series A preferred stock), in addition to their proportionate share of the cash consideration.

The Exchangeable Shares are exchangeable for an equal number of shares of the Company s common stock at any time for no cash consideration at the holder s option. Upon exchange of the Exchangeable Shares, an equivalent number of shares of the Company s Series A preferred stock will be concurrently redeemed. The shares of Series A preferred stock are entitled to one vote per share and to vote with the common stockholders as a single class but have no economic rights. The Exchangeable Shares carry dividend rights but no voting rights except with respect to certain limited matters which will require the majority vote or written consent of the holders of Exchangeable Shares. The combined ownership of the Exchangeable Shares and the Series A preferred stock provides the holders of these shares with voting rights that are equivalent to those of the Company s common stockholders.

The holders of the Exchangeable Shares receive a cumulative dividend based on the Company s estimate of the net taxable income of FA Sub 2 Limited allocable to such holders multiplied by an assumed tax rate of 44.38%. The cumulative dividend rights of the holders of the Exchangeable Shares are in excess of those of the Company s common stockholders, and these rights are presented as an expense within non-controlling interest in the condensed consolidated statements of operations. The amount recorded in respect of the cumulative dividends for the three months ended June 30, 2010 and 2009, were \$1,057 and \$10,552, respectively, and for the six months ended June 30, 2010 and 2009, were \$1,057 and \$11,147, respectively.

At the FA Sub 2 Limited level, the Exchangeable Shares have the same liquidation and income rights as other ordinary shareholders of FA Sub 2 Limited, and consequently the non-controlling interest is calculated as the Exchangeable Shareholder s proportionate share of net assets.

Proposed Acquisition Transaction

On May 17, 2010, the Company announced a transaction to be acquired by Man Group plc (Man) through two concurrent transactions: a cash merger under a merger agreement with Man and Escalator Sub 1 Inc. (Merger Sub), pursuant to which (i) Merger Sub will merge with and into the Company, (ii) the separate corporate existence of Merger Sub will thereupon cease, and (iii) the Company will be the surviving corporation in the merger and a wholly owned subsidiary of Man; and a share exchange under a share exchange agreement among Man and Noam Gottesman, Pierre Lagrange and Emmanuel Roman, together with their related trusts and affiliated entities and two limited partnerships that hold shares for the benefit of key personnel who are participants in the Company s equity participation plans.

The completion of the pending acquisition transaction is subject to certain conditions, including, among others (i) the approval of the merger by GLG stockholders, including the affirmative vote by the holders of a majority of the outstanding shares of GLG common stock and preferred stock and the non-waivable affirmative vote by the holders of a majority of the outstanding shares of GLG common stock (other than shares held by the selling stockholders and their affiliates, Man and its affiliates, GLG and GLG s affiliates (other than directors on the special committee of GLG s board of directors) and GLG s employees), (ii) the affirmative vote by the holders of a majority of Man s outstanding ordinary shares, (iii) the absence of certain legal impediments to the consummation of the merger, (iv) subject to certain materiality exceptions, the accuracy of the representations and warranties made by GLG, Man, Merger Sub and the selling stockholders, respectively, compliance by GLG, Man and Merger Sub with GLG s and their respective obligations under the merger agreement and compliance by Man and the selling stockholders with their respective obligations under the share exchange agreement, (v) the transactions contemplated by the share exchange agreement having been consummated and (vi) the non-occurrence of a Company Material Adverse Effect

(as defined in the merger agreement) on the Company.

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**GLG PARTNERS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

(US Dollars in thousands, except share and per share amounts) (cont d)

If the acquisition transaction is consummated, the common stock of the Company will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended, and the Company will no longer file periodic reports with the SEC.

Legal, accounting and advisory transaction costs associated with the proposed acquisition of \$9,818 have been included in General, Administrative and Other costs within the consolidated statement of operations.

Contingent upon the closure of the transaction, additional advisory costs of \$7,500 plus 0.6% of the implied equity value greater than \$4.50 per share are payable to the Company's financial advisors.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined and consolidated financial statements and the reported amounts of revenues, expenses and other income during the reporting periods. Actual results could differ materially from those estimates.

Revenue Recognition

Management fees are calculated as a percentage of net assets under management based upon the contractual terms of investment advisory and related agreements and recognized as earned as the related services are performed. These fees are generally payable monthly in arrears.

Performance fees are calculated as a percentage of investment gains (which includes both realized and unrealized gains) less management and administration fees, subject in certain cases to performance hurdles, over a measurement period, generally six months. The Company has elected to not recognize performance fee revenues and related compensation until the end of the measurement period when the amounts are contractually payable, or crystallized.

The majority of the investment funds and accounts managed by the Company have contractual measurement periods that end on each of June 30 and December 31. As a result, the performance fee revenues for the first and third fiscal quarters do not reflect revenues from uncrystallized performance fees during these three-month periods and will be reflected instead at the end of the fiscal quarter in which such fees crystallize.

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**GLG PARTNERS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

(US Dollars in thousands, except share and per share amounts) (cont d)

In certain cases, the Company may rebate a portion of its gross management and performance fees in order to compensate third-party institutional distributors for marketing its products and, in a limited number of cases, in order to incentivize clients to invest in GLG Funds managed by the Company. Such arrangements are generally priced at a portion of the Company's management and performance fees paid by the fund. The Company has recorded its revenues net of rebates.

Administration fees are calculated on a similar basis as management fees and are recognized as the related services are performed. From its gross administration fees, the Company pays sub-administration fees to third-party administrators and custodians. Administration fees are recognized net of sub-administration fees. In addition, most GLG Funds managed by the Company have share classes with distribution fees that are paid to third party institutional distributors.

Rebates and sub-administration fees on the balance sheet represent amounts payable under the rebate and sub-administration fee arrangements described above.

Where a single-manager alternative strategy fund or internal Fund of Funds (FoF) managed by the Company invests in an underlying single-manager alternative strategy fund managed by the Company, the investing fund is the top-level GLG Fund into which a client invests and the investee fund is the underlying GLG Fund into which the investing fund allocates funds for investment. When one of the single-manager alternative strategy funds or internal FoFs managed by the Company invests in an underlying single-manager alternative strategy fund managed by the Company:

management fees are charged at the investee fund level, except in the case of (1) the GLG Multi Strategy Fund where management fees are charged at both the investee and investing fund levels and (2) the GLG Balanced Managed Fund and the GLG Stockmarket Managed Fund where management fees are charged only at the investing fund level;

performance fees are charged at the investee fund level, except in the case of the GLG Global Aggressive Fund where performance fees are charged at both the investee and investing fund levels, to the extent, if any, that the performance fee charged at the investing fund level is greater than the performance fee charged at the investee fund level; and

administration fees, where applicable, are charged at both the investing and investee fund levels.

Due to the impact of foreign currency exposures on management and performance fees, the Company has elected to utilize cash flow hedge accounting to hedge a portion of its anticipated foreign currency denominated revenue. The effective portion of the hedge is recorded as a component of other comprehensive income and is released into management or performance fee income, respectively, when the hedged revenues impact the income statement. The ineffective portion of the hedge is recorded each period as derivative gain or loss in other income or other expense, respectively. See Derivatives and Hedging below for a further discussion of the Company's foreign exchange hedging activities.

Operating Leases

During the quarter ended March 31, 2010 the Company completed the sublease of a portion of one of its rental properties. As the Company is expected to incur an excess of costs on the subleased space over anticipated revenues, a loss of \$4,092 was recognized on execution of the sublease in the first quarter and first six months of 2010. Sublease income is recorded in other income.

Unsettled Fund Receivables and Payables

For our Open Ended Investment Collective Funds businesses, the company acts as intermediary for the collection of subscriptions due from customers and payable to the funds, and for redemption requests receivable from funds and payable to customers. In each case an unsettled fund receivable or payable is recorded.

Derivatives and Hedging

The Company is exposed to foreign exchange risks relating to performance and management fees denominated in foreign currencies and also to general, administration and other costs denominated in foreign currencies. Forward foreign exchange contracts on various foreign currencies are entered into to manage those risks. These contracts are designated as cash flow hedges, with changes in fair value attributable to changes in the relevant spot rates recorded in other comprehensive income and reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. Changes in the fair value of the hedge attributable to the spot-forward differential are recorded directly in the consolidated statement of operations.

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For those derivatives that are designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. The document identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated. All hedging activities are used for risk management purposes and used to mitigate monthly foreign exchange rate movements in association with fees receivable and operating expenditure.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Consolidation (ASC Topic 810): Amendments for Certain Investment Funds. Reporting entities are required to apply the amended guidance as of the beginning of its first annual reporting period that begins after November 15, 2009, and for interim periods within that first annual reporting period. That effective date coincides with the effective date for the Statement of Financial Accounting Standards (SFAS) No. 167 (SFAS 167) amendments to ASC Topic 810. The amendments to the consolidation requirements of ASC Topic 810 resulting from the issuance of SFAS 167 are deferred for a reporting entity's interest in an entity (1) that has all the attributes of an investment company or (2) for which it is industry practice to apply measurement principles for financial reporting purposes that are consistent with those followed by investment companies. An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of variable interest entities in ASC Subtopic 810-10 (before the SFAS 167 amendments) or other applicable consolidation guidance, such as the guidance for the consolidation of partnerships in ASC Subtopic 810-20.

The deferral does not apply in situations in which a reporting entity has the explicit or implicit obligation to fund actual losses of an entity that could potentially be significant to the entity. The Company has determined that it meets the deferral criteria and therefore is not required to adopt the provisions of SFAS 167 as of the effective date.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company utilizes ASC Topic 820, *Fair Value Measurements and Disclosures*, in relation to accounting for assets and liabilities carried at fair value. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimates.

a) Assets and Liabilities measured at fair value on a recurring basis:

The following table presents fair value measurements for major categories of the Company's financial assets measured at fair value on a recurring basis:

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	June 30, 2010			December 31, 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Foreign exchange derivatives (presented in other assets)	\$	\$		\$	\$ 274	\$
Trading investments		11,265	6,319			6,319
Available-for-sale investments			11,967			15,729
	\$	\$ 11,265	\$ 18,286	\$	\$ 274	\$ 22,048

Foreign exchange derivatives

Foreign exchange derivatives which are valued at quoted forward prices from foreign exchange counterparties and discounted to present value using prevailing risk free rates for the Company's functional currency.

Investments

Investments at fair value include available-for-sale and trading securities in the following GLG Funds:

Fund/Investment Strategy	Status	Liquidity Terms
GLG Multi-Strategy Coupon Fund	Available-for-sale	Not redeemable at option of shareholder. Monthly compulsory redemption of assets recovered.
GLG Global Opportunity (Special Assets) Fund	Available-for-sale	Not redeemable at option of shareholder. Monthly compulsory redemption of assets recovered.
GLG Treasury Plus Fund	Available-for-sale	Daily
GLG European Opportunity (Lehman Recovery) Fund	Trading	Not redeemable at option of shareholder. Quarterly redemption of assets recovered from Lehman Brothers International (Europe) or its affiliates.
GLG Technology (Lehman Recovery) Fund	Trading	Not redeemable at option of shareholder. Quarterly redemption of assets recovered from Lehman Brothers International (Europe) or its affiliates.

These investments are valued at the final Net Asset Value (NAV) as calculated by the GLG Fund's administrator. As these funds have limited liquidity, the Company has determined its investments in these GLG Funds to be Level 3 assets. These NAVs, and the associated fair values of underlying investments, have been reviewed by the GLG Funds Independent Pricing Committee.

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A reconciliation of the movements in Level 3 assets is presented below:

	Fair Value Measurements		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Movements in Level 3 assets for the six months ended June 30, 2010 were as follows:			
Investments in GLG Funds			
Opening Balance January 1, 2010			\$ 22,048
Change in fair value recorded in other comprehensive income currency translation adjustment			(244)
Change in unrealized losses recorded in other comprehensive income			(511)
Distribution in specie for vesting requirements			(1,157)
Redemption proceeds			(1,850)
Closing Balance June 30, 2010			\$ 18,286
Total unrealized gains in investments			\$ 1,196

During the six months ended June 30, 2010, the Company redeemed \$1,521 of its investments in the GLG Global Opportunity Special Assets Fund and \$329 of its investments in the GLG Multi-strategy Coupon Fund. Also, in the six months ended June 30, 2010, the Company distributed (in specie) \$997 of its investments in the GLG Global Opportunity Special Assets Fund and \$160 of its investments in the GLG Multi-strategy Coupon Fund to settle vested obligations to members of the equity participation plan (recorded in other liabilities).

Other than temporary impairment losses on investments in the GLG Funds of \$917 have been recorded in the statement of operations for the six months ended June 30, 2010.

At June 30, 2010 \$11,265 was invested in GLG Funds in accordance with the 2009 Deferred Compensation Program. Deferred awards and any related investment earnings or losses will vest to the extent that there are no forfeitures, in two equal installments on March 31, 2011 and 2012 and are accounted for on a straight line basis. As a result of the 2009 Deferred Compensation Arrangement the Company now has investments in the following GLG Funds:

Fund/Investment Strategy	Status	Liquidity Terms
GLG Emerging Markets Fund	Trading	60 days notice
GLG Emerging Markets Credit Opportunity Fund	Trading	30 days prior to dealing day

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GLG Atlas Macro Fund	Trading	5 business days notice
GLG Atlas Value and Recovery Fund	Trading	1 calendar year prior to relevant redemption day with optional fund gate
GLG Market Neutral Fund	Trading	90 calendar days notice
GLG European Distressed Fund	Trading	90 calendar days after lockup period
GLG Global Equity Tactical Fund	Trading	30 calendar days notice
GLG European Opportunity Fund	Trading	5 business days notice
GLG European Long-Short Fund	Trading	30 calendar days notice
GLG Technology Fund	Trading	5 business days notice
GLG Financials Fund	Trading	5 business days notice
GLG Global Mining Fund	Trading	25 business days notice
GLG UK Select Fund	Trading	Daily
GLG Alpha Select (UCITS III) Fund	Trading	5 days prior to dealing day
GLG Pure Alpha (UCITS III) Fund	Trading	5 days prior to dealing day
GLG Emerging Markets (UCITS III) Fund	Trading	5 days prior to dealing day
GLG Alpha Select Fund	Trading	5 business days notice / 30 calendar days notice
GLG Performance (Distributing) Fund	Trading	5 business days notice

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These investments are valued at the final NAV as calculated by the GLG Funds' administrator. The administrators of the GLG Funds utilize the fair value methodology described below in determining the NAV of the respective fund assets. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on closing quoted market prices at the balance sheet date. The quoted value of financial assets and liabilities not traded in an active market that are held by the funds is the current mid-price based on prices from multiple broker quotes and/or prices obtained from recognized financial data service providers. When a fund holds OTC derivatives it uses mid-market prices as a basis for establishing fair values. Futures and options are valued based on closing market prices. Forward and swap contracts are valued based on current observable market inputs and/or prices obtained from recognized financial data service providers.

For investments that do not have a readily ascertainable market value, such as private placements of equity and debt securities, the most recent transaction price is utilized as the best available information related to the fair value of the investment. Events and developments related to the underlying portfolio companies are continuously monitored and carefully considered to determine if a change to the current carrying value is warranted. For investments where it is determined that the most recent transaction price is not the best indicator of fair value, fair value is determined by using a number of methodologies and procedures, including but not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; (3) discounted cash flow models; (4) related transactions subsequent to the acquisition of the investment; and/or (5) consulting other analytical data and indicators of value. The methodologies and processes used will be based on the specific attributes related to an investment and available market data and comparative information, depending on the most reliable information at the time.

The Company has determined its investments in these GLG Funds to be Level 2 assets. Movements in deferred compensation investments, and related compensation obligations during the six months ended June 30, 2010 are as follows:

Trading Securities Investments in GLG Funds

Investments purchased at cost	\$ 11,541
Change in fair value recorded in statement of operations	22
Remeasurement of foreign currency denominated investments recorded in general administrative and other costs	(298)
Investments at fair value	\$ 11,265
Represented by the following compensation:	
Accrued compensation recognized in statement of operations on straight line basis	\$ 1,775
Reduction in compensation recognized in respect of investment losses	(43)
Compensation to be recognized over remaining vesting period of 21 months	9,533
	\$ 11,265

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b) Fair value measurements of Other financial instruments recorded at other than fair value:

Term loan payable and revolving credit facility

There are no active or inactive markets for the Company's term loan or quoted prices for similar liabilities traded as assets in markets that are active. To arrive at a fair value for the loan payable, the Company has adopted a market based approach based on the amount the Company would receive if it were to enter into an identical liability at the reporting date. The Company considers that this is reflected in the par value of the loan.

Convertible notes

There are no active markets for the Company's convertible notes. The Company has determined the fair value of the convertible note to be \$284,935 by comparing inactive market broker quotes to internal models.

c) Fair value measurements of Other assets and liabilities recorded at other than fair value:

The carrying value of other financial assets and liabilities approximates fair value.

5. DEBT

The Company had debt of \$528,808 outstanding at June 30, 2010 and \$533,672 at December 31, 2009, as follows:

	Weighted Average Interest Rate	June 30, 2010	December 31, 2009
Revolving credit facility	2.76%	\$ 12,281	\$ 12,281
Terms loans	2.76%	288,027	292,891
Convertible Note	5.00%	228,500	228,500
Total Debt		\$ 528,808	\$ 533,672

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6. DERIVATIVES AND HEDGING

The Company is exposed to foreign exchange risks relating to performance and management fees denominated in foreign currencies and also general, administration and other costs denominated in foreign currencies. Forward foreign exchange contracts on various foreign currencies are entered into to manage those risks. These contracts are designated as cash flow hedges with changes in fair value attributable to changes in the relevant spot rates recorded in other comprehensive income and reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. Changes in the fair value of the hedge attributable to the spot-forward differential are recorded directly in the income statement.

For those derivatives that are designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. The document identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in cash flows and are assessed on an ongoing basis to determine whether they actually have been highly effective throughout the reporting period for which they were designated. At June 30, 2010, the Company has no hedges.

The fair value of financial instruments has been recorded as follows:

	Three months ended June 30, 2010	Six months ended June 30, 2010
Total Fair Value of Derivative Financial Instruments (included in Other Assets)	\$ 0	\$ 0
Less: Fair value of Derivative Financial Instruments at start of period	(142)	(274)
 Movement in Fair Value of Derivative Financial Instruments during the period	 \$ (142)	 \$ (274)
 Changes in Fair Values are allocated as follows:		
Statement of Changes in Stockholders Deficit:		
Gain recorded in other comprehensive loss in period cash flow hedges	\$ 0	\$ 134
Gain reclassified from other comprehensive loss to statement of operations	(92)	(134)
Total gain in other comprehensive loss	\$ (92)	\$ 0
 Statement of Operations:		
Decrease in General, Administrative & Other expenses effective portion of hedge reclassified from other comprehensive income	\$ 92	\$ 92
Increase in Management Fees effective portion of hedge reclassified from other comprehensive income	0	42
Total effective portion of hedge reclassified from other comprehensive income	92	134
Decrease in Other income (ineffective portion of hedge and excluded from effectiveness assessment)	(142)	(408)

Total impact on Statement of Operations	\$	(50)	\$	(274)
Total impact on Comprehensive loss	\$	(142)	\$	(274)

7. STOCKHOLDERS DEFICIT

Common Stock

The Company's authorized capital stock consists of 1,000,000,000 shares of common stock, par value \$0.0001 per share, and 150,000,000 shares of preferred stock, par value \$0.0001 per share, of which 58,904,993 shares are designated and issued as Series A voting preferred stock.

The following transactions occurred in the common stock of the Company during 2010:

	Number of Shares
Common Stock outstanding at December 31, 2009	252,358,619
Shares cancelled and replaced with restricted stock units	(2,861,694)
Shares repurchased	(565,652)
Shares issued under share plan awards	2,954,240
Stock forfeited and cancelled under share-based compensation arrangements	(2,500)
Common Stock outstanding at June 30, 2010	251,883,013

No dividends were declared in 2010 or 2009.

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8. COMPREHENSIVE LOSS

	Three months ending June 30, 2010			Three months ending June 30, 2009		
	Attributed to controlling	Attributed to Non-controlling	Total	Attributed to controlling	Attributed to non-controlling	Total
Net Loss	\$ (74,597)	\$ (10,079)	\$ (84,676)	\$ (24,377)	\$ 1,794	\$ (22,583)
Gains on cash flow hedges released to statement of operations	(74)	(18)	(92)	(864)	(207)	(1,071)
Unrealized gains on cash flow hedges				2,403	575	2,978
Change in unrealized (losses)/gains on available-for-sale investments	(485)	(113)	(598)	1,091		1,091
Release of unrealized loss on available-for-sale investments to statement of operations	774	181	955			
Foreign currency translation	(381)	(91)	(472)	704	168	872
Total comprehensive loss	\$ (74,763)	\$ (10,120)	\$ (84,883)	\$ (21,043)	\$ 2,330	\$ (18,713)

	Six months ending June 30, 2010			Six months ending June 30, 2009		
	Attributed to controlling	Attributed to Non-controlling	Total	Attributed to controlling	Attributed to non-controlling	Total
Net Loss	\$ (135,444)	\$ (19,067)	\$ (154,511)	\$ (144,635)	\$ (20,227)	\$ (164,862)
Gains on cash flow hedges released to statement of operations	(108)	(26)	(134)	(1,207)	(289)	(1,496)
Unrealized gains on cash flow hedges	108	26	134	3,135	750	3,885
Change in unrealized (losses)/gains on available-for-sale investments	(573)	(134)	(707)	668		668
Release of unrealized loss on available-for-sale investments to statement	743	174	917	21,217		21,217

of operations						
Foreign currency translation	(2,323)	(554)	(2,877)	613	146	759
Total comprehensive loss	\$ (137,597)	\$ (19,581)	\$ (157,178)	\$ (120,209)	\$ (19,620)	\$ (139,829)

9. NET LOSS PER SHARE OF COMMON STOCK

The Company calculates net loss per share of common stock in accordance with ASC Topic 260, *Earnings Per Share*. The Company calculated diluted earnings per share for all periods using the if-converted method for all participating securities. For the six months ended June 30, 2010 and 2009, the FA Sub 2 Limited Exchangeable Shares were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

The Company applied the two-class method for determining basic earnings per share. The Exchangeable Shares and the unvested shares issued in connection with share-based compensation, and determined to be participating securities, were excluded from the calculation as their inclusion would be anti-dilutive. In addition, the holders of the Exchangeable Shares participate equally with ordinary shareholders in the liquidation preferences of FA Sub 2 Limited, but have neither a liquidation interest in GLG Partners, Inc. nor any obligation to fund losses in either FA Sub 2 Limited or GLG Partners, Inc. Consequently, the Company believes it is appropriate to exclude the Exchangeable Shares from the calculation of basic earnings per share. Undistributed earnings have not been allocated to the unvested shares as they do not have a contractual obligation to fund the losses of the Company.

	Three Months Ended June		Six Months Ended June	
	30, 2010	2009	30, 2010	2009
Net loss applicable to common stockholders	\$ (74,597)	\$ (24,377)	\$ (135,444)	\$ (144,635)
Weighted-average common stock outstanding (in thousands), basic and diluted	230,675	216,814	230,006	216,789
Net loss per share applicable to common stockholders basic and diluted	\$ (0.32)	\$ (0.11)	\$ (0.59)	\$ (0.67)

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The following common stock equivalents have been excluded from the computation of weighted-average stock outstanding used for computing diluted earnings per share as of June 30, 2010 and 2009 as they would have been anti-dilutive (in thousands):

	Three Months Ended June		Six Months Ended June 30,	
	2010	2009	2010	2009
Common stock held in Treasury	14,101	21,419	14,101	21,419
FA Sub 2 Limited Exchangeable Shares	58,905	58,905	58,905	58,905
Common stock awarded in connection with share-based compensation arrangements	11,692	11,993	11,692	11,993
Convertible notes	61,424	61,424	61,424	61,424
Sponsors Warrants	4,500	4,500	4,500	4,500
Co-investment Warrants	5,000	5,000	5,000	5,000
Public Warrants	32,985	32,985	32,985	32,985
	188,607	196,226	188,607	196,226

In addition to the above, there were 12,000,003 Founders Warrants that are only exercisable if and when the last sales price of the Company's common stock exceeds \$14.25 per share for any 20 trading days within a 30-trading day period beginning 90 days after November 2, 2007

10. INCOME TAXES

The Company's tax on loss before income taxes was (1.6%) and (19.2%) for the three months ended June 30, 2010 and 2009, respectively. These rates differ from the U.S. Federal rate of tax of 35% due to the impact of non-tax deductible acquisition-related share based compensation of \$77,392 (2009: \$117,690); the recognition of a loss on available-for-sale equity investments of \$955, which is not deductible (2009: \$0); and because the Company's profits are predominantly earned outside the United States, where lower rates of tax apply.

The Company's tax on loss before income taxes was 4.9% and (1.7%) for the six months ended June 30, 2010 and 2009, respectively. These rates differ from the U.S. Federal rate of tax of 35% due to the impact of non-tax deductible acquisition-related share based compensation of \$141,309 (2009: \$236,566); the recognition of a loss on available-for-sale equity investments of \$917, which is not deductible (2009 loss of \$21,217); the release of a provision in respect of unrecognized tax benefits of \$7,308 (2009: \$0) and because the Company's profits are predominantly earned outside the United States, where lower rates of tax apply.

11. SUBSEQUENT EVENTS

There were no reportable events subsequent to June 30, 2010.

Table of Contents**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

You should read the following discussion and analysis in conjunction with our unaudited condensed consolidated financial statements and the related notes included in or incorporated into Part I, Item 1 of this Quarterly Report on Form 10-Q, and our audited combined and consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2009. The information contained in this section contains forward-looking statements. Our actual results may differ significantly from the results suggested by these forward-looking statements and our historical results as a result of certain risks and uncertainties which are described in Risk Factors referred to in Part II, Item 1A of this Quarterly Report on Form 10-Q.

General***Our Business***

We are a global asset management company offering our clients a wide range of performance-oriented investment products and managed account services. Our primary business is to provide investment management advisory services for various investment funds and companies (the "GLG Funds") and accounts we manage. We derive our revenues primarily from management fees and administration fees charged to the GLG Funds and accounts we manage based on the value of the assets in these funds and accounts, and performance fees charged to the GLG Funds and accounts we manage based on the performance of these funds and accounts. Substantially all of our assets under management, or AUM, are attributable to third-party investors, and the funds and accounts we manage are not consolidated into our financial statements. As of June 30, 2010, our net AUM (net of assets invested in other GLG Funds) were approximately \$23.0 billion, as compared to approximately \$23.7 billion as of March 31, 2010 and approximately \$19.1 billion as of June 30, 2009. As of June 30, 2010, our gross AUM (including assets invested in other GLG Funds) were approximately \$24.9 billion, as compared to approximately \$25.8 billion as of March 31, 2010 and approximately \$21.6 billion as of June 30, 2009.

In this Management's Discussion and Analysis of Financial Condition and Results of Operations, references to "GLG" refer to the combined business of the GLG Partners LP and certain affiliated entities (collectively, the "GLG Entities") prior to November 2, 2007, and references to "we", "us", "our" and "the Company" refer to the business of GLG Partners, Inc. and its subsidiaries from and after November 2, 2007.

Proposed Acquisition Transaction

On May 17, 2010, the Company announced a transaction to be acquired by Man Group plc ("Man") through two concurrent transactions: a cash merger under a merger agreement with Man and Escalator Sub 1 Inc. ("Merger Sub"), pursuant to which (i) Merger Sub will merge with and into the Company, (ii) the separate corporate existence of Merger Sub will thereupon cease, and (iii) the Company will be the surviving corporation in the merger and a wholly owned subsidiary of Man; and a share exchange under a share exchange agreement among Man and Noam Gottesman, Pierre Lagrange and Emmanuel Roman, together with their related trusts and affiliated entities and two limited partnerships that hold shares for the benefit of key personnel who are participants in the Company's equity participation plans.

The completion of the pending acquisition transaction is subject to certain conditions, including, among others (i) the approval of the merger by GLG stockholders, including the affirmative vote by the holders of a majority of the outstanding shares of GLG common stock and preferred stock and the non-waivable affirmative vote by the holders of a majority of the outstanding shares of GLG common stock (other than shares held by the selling stockholders and their affiliates, Man and its affiliates, GLG and GLG's affiliates (other than directors on the special committee of GLG's board of directors) and GLG's employees), (ii) the affirmative vote by the holders of a majority of Man's outstanding ordinary shares, (iii) the absence of certain legal impediments to the consummation of the merger, (iv) subject to certain materiality exceptions, the accuracy of the representations and warranties made by GLG, Man, Merger Sub and the selling stockholders, respectively, compliance by GLG, Man and Merger Sub with GLG's and their respective obligations under the merger agreement and compliance by Man and the selling stockholders with their respective obligations under the share exchange agreement, (v) the transactions contemplated by the share exchange agreement having been consummated and (vi) the non-occurrence of a Company Material Adverse Effect (as defined in the merger agreement) on the Company.

If the acquisition transaction is consummated, our common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended, and we will no longer file periodic reports with the SEC.

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Legal, accounting and advisory transaction costs associated with the proposed acquisition of \$9.8 million have been included in General, Administrative and Other costs within the consolidated statement of operations.

Contingent upon the closure of the transaction, additional advisory costs of \$7.5 million plus 0.6% of the implied equity value greater than \$4.50 per share are payable to our financial advisors.

Factors Affecting Our Business

Our business and results of operations are impacted by the following factors:

Assets under management. Our revenues from management and administration fees are directly linked to AUM. As a result, our future performance will depend on, among other things, our ability to retain AUM and to grow AUM from existing and new products and the mix of our AUM between different products and associated fee rates.

Fund and managed account performance. Our revenues from performance fees are linked to the performance of the GLG Funds and accounts we manage. Performance also affects AUM because it influences investors decisions to invest assets in, or withdraw assets from, the GLG Funds and accounts managed by us.

Currency exchange rates. The GLG Funds typically offer share classes denominated in multiple currencies and as a result, earn fees in those currencies based on the AUM denominated in those currencies. Consequently, our fee revenues are affected by exchange rate movements.

Personnel, systems, controls and infrastructure. We depend on our ability to attract, retain and motivate leading investment and other professionals. Our business requires significant investment in our fund management platform, including infrastructure and back-office personnel. We have in the past paid, and expect to continue in the future to pay, these professionals significant compensation, even during periods we are not profitable, as well as a share of our profits.

Fee rates. Our management and administration, service and distribution fee revenues are linked to the fee rates we charge the GLG Funds and accounts we manage as a percentage of their AUM. Our performance fees are linked to the rates we charge the GLG Funds and accounts we manage as a percentage of their performance-driven asset growth, subject to high water marks, whereby performance fees are earned by us only to the extent that the net asset value of an investor's shares in a GLG Fund or the net asset value of an account we manage at the end of a measurement period exceeds the highest net asset value on a preceding measurement period end for which we earned performance fees, and/or subject, in some cases, to performance hurdles.

In addition, our business and results of operations may be affected by a number of external market factors. These include global asset allocation trends, regulatory developments and overall macroeconomic activity. Due to these and other factors, our operating results may reflect significant volatility from period to period.

We operate in only one business segment, the management of global investment funds and accounts.

Critical Accounting Policies

The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues, expenses and other income. Actual results could differ materially from these estimates. The following is a summary of our critical accounting policies that are most affected by judgments, estimates and assumptions.

Combination and Consolidation Criteria

Upon consummation of the acquisition of certain GLG entities by us on November 2, 2007 (the Acquisition), the GLG Entities became our wholly owned subsidiaries and from that date the financial statements have been prepared on a consolidated basis and consolidate those entities over which we have control over significant operating, financial or investing decisions.

We consolidate certain entities we control through a majority voting interest or otherwise in which we are presumed to have control.

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We have determined that the majority of GLG Funds that we manage are Variable Interest Entities in that the management contract cannot be terminated by a simple majority of unrelated investors. We have determined that we are not the Primary Beneficiary and, accordingly, we do not consolidate any of the GLG Funds. We earn substantially all of our revenue from the GLG Funds and managed accounts. In addition, the Acquisition-related cash compensation has been invested in two GLG Funds, and our results are exposed to changes in the fair value of these funds.

Assets Under Management

Our assets under management, or AUM, are comprised of cash balances, discretionary managed accounts and fund assets. The net asset value (NAV) of AUM related to discretionary managed accounts is determined by the third party administrator of those accounts. Our related management, administration and performance fees are determined pursuant to the terms of the respective clients' investment management agreement, which in turn refer to the NAV of those accounts as determined by the administrator. The NAV of fund assets in the GLG Funds is determined by the third party administrator of the GLG Funds. The administrators of the GLG Funds utilize the fair value methodology described below in determining the NAV of the respective fund assets.

Management, administration and performance fees depend on, among other things, the fair value of AUM. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on closing quoted market prices at the balance sheet date. The quoted value of financial assets and liabilities not traded in an active market that are held by the funds is the current mid-price based on prices from multiple broker quotes and/or prices obtained from recognized financial data service providers. When a fund holds OTC derivatives it uses mid-market prices as a basis for establishing fair values. Futures and options are valued based on closing market prices. Forward and swap contracts are valued based on current observable market inputs and/or prices obtained from recognized financial data service providers.

For investments that do not have a readily ascertainable market value, such as private placements of equity and debt securities, the most recent transaction price is utilized as the best available information related to the fair value of the investment. Events and developments related to the underlying portfolio companies are continuously monitored and carefully considered to determine if a change to the current carrying value is warranted. For investments where it is determined that the most recent transaction price is not the best indicator of fair value, fair value is determined by using a number of methodologies and procedures, including but not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; (3) discounted cash flow models; (4) related transactions subsequent to the acquisition of the investment; and/or (5) consulting other analytical data and indicators of value. The methodologies and processes used will be based on the specific attributes related to an investment and available market data and comparative information, depending on the most reliable information at the time.

The prospectus for each GLG Fund sets out the procedure shareholders of the GLG Funds are required to follow in order to redeem their investment, which includes the notice period. Investors are required to provide the relevant GLG Fund with written notice of a redemption request prior to the specified deadline for the requested redemption date (defined as a Dealing Day). The table below sets forth the typical range of notice periods which apply to the GLG Funds. Such redemption request is irrevocable but may, with the approval of any director of the relevant GLG Fund, be cancelled at any point prior to the business day prior to the relevant Dealing Day (defined as the Valuation Day).

Product	General Range of Redemption Request Advance Notice Periods*
Alternative strategies funds	5-60 days
Long-only strategies funds	1-5 days
130/30 strategies funds	1-5 days
Internal FoF	1-30 days
External FoF	45-90 days

* Days are defined in the prospectus of

each GLG Fund
and the
definition may
be business days
or calendar days
depending on
the GLG Fund.

Performance Fees

Performance fee rates are calculated where applicable as a percentage of investment gains less management and administration fees, subject to high water marks and in some cases performance hurdles with a measurement period of generally six months. Funds subject to performance hurdles are: most long-only (only to the extent those funds have a performance fee) and 130/30 strategies funds, four external FoFs, six alternative strategies funds and certain managed accounts.

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We do not recognize performance fee revenues until the period when the amounts are contractually payable, or crystallized .

The majority of the GLG Funds and accounts managed by us have contractual measurement periods that end on each of June 30 and December 31. As a result, the performance fee revenues for our first fiscal quarter and third fiscal quarter results generally, do not reflect revenues from uncrystallized performance fees during these three month periods. These revenues will be reflected instead at the end of the fiscal quarter in which such fees crystallize.

Compensation and Limited Partner Profit Share

Compensation expense related to performance fees is accrued during the period for which the related performance fee revenue is recognized and is adjusted as appropriate based on year-to-date profitability and revenues recognized on a year-to-date basis.

We also have a limited partner profit share arrangement which remunerates certain individuals through distributions of profits from two of our subsidiaries, GLG Partners LP and GLG Partners Services LP, paid either to two limited liability partnerships in which those individuals are members or directly to certain individuals who are limited partners of GLG Partners Services LP or GLG Partners Services 2 LP. Through these partnership interests and under the terms of services agreements between the subsidiaries and the limited liability partnerships, these individuals are entitled to priority draws and an additional discretionary share of the profits earned by the subsidiaries. Charges related to the limited partner profit share arrangement are recognized as operating expenses as the related revenues are recognized and associated services provided.

Equity-Based Compensation

Prior to December 31, 2006, GLG had not granted any equity-based awards. In March 2007, GLG established the equity participation plan to provide certain key individuals limited partnership interests in two limited partnerships, Sage Summit LP and Lavender Heights Capital LP, with the right to receive a percentage of the proceeds derived from an initial public offering relating to the Acquired Companies or a third-party sale of the Acquired Companies. Upon consummation of the Acquisition, Sage Summit LP and Lavender Heights Capital LP received collectively 15% of the total consideration of cash and our capital stock payable to the owners of the Acquired Companies in the Acquisition. The equity participation plan is subdivided into an A Sub-Plan and a B Sub-Plan . These limited partnerships distributed to A Sub-Plan limited partners an aggregate of 25% of such amounts upon consummation of the Acquisition, and the remaining 75% are distributable to the limited partners in three equal installments upon vesting over a three-year period on the first, second and third anniversaries of the consummation of the Acquisition, subject to the ability of the general partners of the limited partnerships, whose respective boards of directors consist of the Trustees, to accelerate vesting. B Sub-Plan member entitlements vest 25% each on the first and second anniversaries and 50% on the third anniversary of the consummation of the Acquisition subject to the ability of the general partners of the limited partnerships, whose respective boards of directors consist of the Trustees, to accelerate vesting.

The unvested portion of such amounts will be subject to forfeiture back to Sage Summit LP and Lavender Heights Capital LP (and not to GLG) in the event of termination of the individual as a limited partner prior to each vesting date, unless such termination is without cause after there has been a change in control of our company or due to death or disability. To the extent awards granted under the equity participation plan are forfeited, these amounts may be reallocated by Sage Summit LP and Lavender Heights Capital LP to their then existing or future limited partners (*i.e.*, participants in the plan) subject to vesting over specified periods. Because forfeited awards are returned to the limited partnerships, and not to us, the forfeited shares remain issued and outstanding and the cash and shares held by the limited partnerships may be reallocated, with or without vesting requirements, without further dilution to our shareholders. The equity instruments issued under this plan are recorded at their fair value on the measurement date, which date is typically upon the inception of the services that will be performed, remeasured at subsequent dates to the extent the awards are unvested, and amortized into expense over the vesting period on an accelerated basis.

Ten million shares of our common stock, which were part of the purchase price in respect of the Acquisition, were reserved for allocation under the 2007 Restricted Stock Plan. Of these shares, 9,877,000 shares were allocated to our employees, service providers and certain key personnel in November 2007. As of June 30, 2010, 2,150,500 shares under the Restricted Stock Plan were unallocated following forfeitures (net of new allocations). These awards are

subject to vesting, typically over four years, which may be accelerated. In 2007, we also adopted the 2007 Long-Term Incentive Plan (the "2007 LTIP") under which we were authorized to issue up to 40,000,000 shares and which, other than with respect to outstanding awards, was terminated and replaced in its entirety by the 2009 Long-Term Incentive Plan (the "2009 LTIP"), adopted by our board of directors and approved by our shareholders on May 11, 2009. The 2009 LTIP authorizes the delivery of a maximum of 40,000,000 shares, in addition to the approximately 6,100,000 shares that remained available for awards under the 2007 LTIP as of May 11, 2009. In addition, to the extent that any outstanding awards under our 2007 LTIP are cancelled, forfeited or otherwise lapse unexercised pursuant to the terms of that plan, the shares underlying those awards will be available for awards under the 2009 LTIP.

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References herein to the LTIP shall in context be to the 2007 LTIP and the 2009 LTIP. As of June 30, 2010, there were a total of 30,123,241 shares available for awards under the LTIP. The LTIP provides for the grants of incentive and non-qualified stock options, stock appreciation rights, common stock, restricted stock, restricted stock units, performance units and performance shares to employees, service providers, non-employee directors and certain key personnel who hold direct or indirect limited partnership interests in certain GLG entities. Shares of restricted stock awarded under the Restricted Stock Plan and the LTIP are issued and outstanding shares, except in the case of awards under these plans to personnel who are members of the limited partner profit share arrangement in which case shares are issued and become outstanding only as the awards vest. Unvested awards under the LTIP and Restricted Stock Plan which are forfeited, to the extent shares are issued, are returned to us and cancelled.

In addition, the Principals and the Trustees have entered into an agreement among principals and trustees which provides that, in the event a Principal voluntarily terminates his employment with us for any reason prior to the fifth anniversary of the closing of the Acquisition, a portion of the equity interests held by that Principal and his related Trustee as of the closing of the Acquisition will be forfeited to the Principals who are still employed by us and their related Trustees. The agreement provides for vesting of 17.5% on the consummation of the Acquisition, and 16.5% on each of the first through fifth anniversaries of the Acquisition.

All of these arrangements are amortized into expense over the applicable vesting period using the accelerated method. As a result, following the completion of the Acquisition, compensation and benefits reflect the amortization of significant non-cash equity-based compensation expenses associated with the vesting of these equity-based awards, which under GAAP acts to reduce our net income and may result in net losses.

GAAP requires a company to estimate the cost of share-based payment awards based on estimated fair values. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period. For awards with performance conditions, we will make an evaluation at the grant date and future periods as to the likelihood of the performance targets being met. Compensation expense is adjusted in future periods for subsequent changes in the expected outcome of the performance conditions until the vesting date. GAAP requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Our forfeiture assumptions with respect to forfeitures among our stock awards under the Restricted Stock Plan, equity participation plan and LTIP have been set to an assumed rate of 10% per annum. The forfeiture assumption for the agreement among principals and trustees was estimated as zero.

Income Tax

We earn profits through a number of subsidiaries located in a number of different jurisdictions, each of which has its own tax system.

Prior to the Acquisition, the only GLG entity earning significant profits subject to company-level income taxes was GLG Holdings Limited, which was subject to U.K. corporate income tax. Most of the balance of the profit was earned by pass-through or other entities that did not incur significant company-level income taxes.

Following the Acquisition, in addition to a portion of our income being subject to U.K. taxation, U.S. taxation will be imposed on our profits earned within the United States as well as on our profits earned outside the United States that are repatriated back to the United States in the form of dividends or that are classified as Subpart F income for U.S. income tax purposes (*e.g.*, dividends and interest). We expect to repatriate some of our profits in this manner and experience U.S. taxation on those repatriated profits. In connection with the Acquisition, we recognized for U.S. income tax purposes the value of goodwill and certain other intangibles which we are amortizing and deducting for U.S. income tax purposes over a 15-year period. This amortization deduction is taken into account in determining how much of the repatriated profits and Subpart F income is subject to U.S. taxation. Depending on the amount of profits earned outside the United States, including the amount of Subpart F income, and the amount of profits repatriated, this tax amortization deduction will effectively reduce U.S. tax expense on repatriated profits and Subpart F income. Allocation of income among business activities and entities is subject to detailed and complex rules applied to facts and circumstances that generally are not readily determinable at the date financial statements are prepared. Accordingly, estimates are made of income allocations in computing financial statement effective tax rates that may differ from actual allocations determined when tax returns are prepared or after examination by tax authorities.

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We account for taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when we believe it is more likely than not that a deferred tax asset will not be realized.

Net Revenues

All fee revenues are presented in this Quarterly Report on Form 10-Q net of any applicable rebates or sub-administration fees.

Where an alternative strategies fund or internal fund-of-funds (internal FoF) managed by us invests in an underlying alternative strategies fund managed by us, the investing fund is the top level GLG Fund into which a client invests and the investee fund is the underlying GLG Fund into which the investing fund invests. For example, if the GLG European Long-Short Fund invests in the GLG Technology Fund, the GLG European Long-Short Fund is the investing fund and the GLG Technology Fund is the investee fund.

Management Fees

Our gross management fee rates charged to GLG Funds are set as a percentage of fund AUM. Management fee rates vary depending on the product, as set forth in the table below (subject to fee treatment of fund-in-fund reinvestments as described below):

Product	General Range of Gross Fee Rates (% of AUM) As of June 30, 2010	
Alternative strategies funds*	1.50%	2.50%**
Long-only strategies funds	0.30%	2.25%
130/30 strategies funds	1.00%	2.75%
Internal FoF***	0.25%	1.50%** (at the investing fund level)
External FoF****	1.00%	1.95%

* Excludes the GLG European Long-Short (Special Assets) Fund, the GLG North American Opportunity (Special Assets) Fund, the GLG European Opportunity (Lehman Recovery) Fund, the GLG Technology (Lehman Recovery) Fund and the GLG Market Neutral Sidepocket where the management fee is 0.50%.

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When one of the alternative strategies funds or internal FoFs managed by us invests in an underlying single-alternative strategies fund managed by us, management fees are charged at the investee fund level, except in the case of (1) the GLG Multi-Strategy Fund where management fees are charged at both the investee and investing fund levels and (2) the GLG Balanced Managed Fund and the GLG Stock Market Managed Fund where management fees are charged only at the investing fund level.

*** Excludes the GLG Global Opportunity (Special Assets) Fund.

**** Excludes the GLG MMI Diversified (Special Assets) Fund, GLG MMI Diversified (Special Assets II) Fund and the GLG MMI Enhanced

(Special Assets)
Fund.

Management fees are generally paid monthly, one month in arrears. Most GLG Funds managed by us have share classes with distribution fees that are paid to third-party institutional distributors with no net economic impact to us. In certain cases, we may rebate a portion of our gross management fees in order to compensate third-party institutional distributors for marketing our products and, in a limited number of historical cases, in order to incentivize clients to invest in funds managed by us.

Management fee yields in future periods will be dependent on the timing and amount of specific inflows and outflows, foreign currency movements and performance within our product groups noted above as well as managed accounts.

Performance Fees

Our gross performance fee rates where applicable for GLG Funds are set as a percentage of fund performance, calculated as investment gains (both realized and unrealized), less management and administration fees, subject to high water marks and, in the case of most long-only (only to the extent these funds have performance fees) and 130/30 strategies funds, four external FoFs, six alternative strategies funds and certain managed accounts, to performance hurdles. As a result, even when a GLG Fund has positive

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fund performance, we may not earn a performance fee due to negative fund performance in prior measurement periods and in some cases due to a failure to reach a hurdle rate. High water marks and performance hurdles are determined on a fund by fund and investor by investor basis and performance fees are not netted across funds, other than in the case of the special assets funds related to the GLG Emerging Markets Fund, the GLG European Long-Short Fund and the GLG North American Opportunity Fund. These special assets funds do not earn a performance fee until an investor's high water mark across both the special assets fund and its original fund is exceeded. Accordingly, any funds above high water marks and applicable performance hurdles at the end of the relevant measurement period will contribute to performance fee revenue.

As of June 30, 2010, we had approximately \$8.9 billion, or 68.8%, of AUM above water or within 5% of their respective high water marks out of a potential \$12.9 billion in performance fee eligible AUM. This represented a decrease of \$0.9 billion, or 9.2%, during the second quarter of 2010. Additionally, approximately \$2.7 billion of AUM (excluding special asset funds and funds in the process of closing) were more than 10% below their high water marks.

Fund performance through June 30, 2010 has increased the additional performance necessary to re-achieve the high-water marks for many GLG Funds. Accordingly, even if our funds that are below high water marks have positive performance in subsequent performance periods, our ability to earn performance fees will be adversely impacted due to the number of funds subject to high water marks and the amounts to be recovered.

Performance fee rates vary depending on the product, as set forth in the table below (subject to fee treatment of fund-in-fund investments as described below):

Product	General Range of Gross Fee Rates (% of Investment Gains) As of June 30, 2010
Alternative strategies funds	10% 30%*
Long-only strategies funds	0% 20% (may be subject to performance hurdle)
130/30 strategies funds	20% (may be subject to performance hurdle)
Internal FoF	0% 20%* (at the investing fund level)
External FoF	5% 10% (may be subject to performance hurdle)

* When one of the alternative strategies funds or internal FoFs managed by us invests in an underlying alternative strategies funds managed by us, performance fees are charged at the investee fund level, except in the case of the GLG Global Aggressive Fund where performance fees are charged at both the

investee and investing fund levels to the extent, if any, that the performance fee charged at the investing fund level is greater than the performance fee charged at the investee fund level.

We do not recognize performance fee revenues until the end of the measurement period when the amounts are crystallized, which for the majority of the investment funds and accounts managed by us is on June 30 and December 31.

Due to the impact of foreign currency exposures on management and performance fees, we have elected to utilize cash flow hedge accounting to hedge a portion of our anticipated foreign currency denominated revenue. The effective portion of the hedge is recorded as a component of other comprehensive income and is released into management or performance fee income, respectively, when the hedged revenues impact the income statement. The ineffective portion of the hedge is recorded each period as derivative gain or loss in other income or other expense, respectively. See **Quantitative and Qualitative Disclosures About Market Risk – Exchange Rate Risk** in Part I, Item 3, of this Quarterly Report for a further discussion of our foreign exchange and hedging activities.

We typically do not recognize performance fee revenues until the period when the amounts are crystallized, which for the majority of the investment funds and accounts managed by us is on June 30 and December 31.

Additionally, various funds have high water marks. Until these funds either generate investment returns that overcome these high water marks, or these funds experience net inflows that carry no high-water marks and/or new funds are launched without high-water marks, performance fees may be limited.

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Our gross administration fee rates charged to GLG Funds are set as a percentage of the fund AUM. Administration fee rates vary depending on the product. From our gross administration fees, we pay sub-administration fees to third-party administrators, with the residual fees recognized as our net administration fee. Administration fees are generally paid monthly, one month in arrears.

When one of the alternative strategies funds or internal FoFs managed by us invests in an underlying fund managed by us, administration fees are charged at both the investing and investee fund levels.

Fees on Managed Accounts

Managed account fee structures are negotiated on an account-by-account basis and may be more complex than for the GLG Funds. Across the managed account portfolio, fee rates vary according to the underlying mandate and, excluding one material managed account, in the aggregate are generally within the performance (subject, in some cases, to a performance hurdle) and management fee ranges charged with respect to comparable fund products.

Expenses***Compensation, Benefits and Profit Share***

To attract, retain and motivate the highest quality investment and other professionals, we provide significant remuneration through salary, discretionary bonuses, profit sharing and other benefits. We have built an experienced and highly-regarded investment management team of 133 investment professionals.

The largest component of expenses is compensation, benefits and profit share payable to our investment and other professionals. This includes significant fixed annual salary, limited partner profit share and other compensation based on individual, team and company performance and profitability.

Beginning in mid-2006, GLG entered into partnerships with a number of our key personnel in recognition of their importance in creating and maintaining the long-term value of our business. These individuals ceased to be employees and either became holders of direct or indirect limited partnership interests in one of two of our subsidiaries, GLG Partners LP and GLG Partners Services LP, or formed two limited liability partnerships, Laurel Heights LLP and Lavender Heights Capital LLP (the *LLPs*), through which they provided services to the GLG entities. Through these partnership interests, these key individuals are entitled to partnership draws as priority distributions, which are recognized in the period in which they are payable. There is an additional limited partner profit share distribution, which is recognized in the period in which the related revenues are recognized and associated services provided. This additional distribution represents a substantial majority of the limited partner profit share for the year and is typically paid at the beginning of the following year. Key personnel that are participants in the limited partner profit share arrangement do not receive any salaries or discretionary bonuses from us, except for the salary paid by GLG Partners, Inc. to our Chief Operating Officer.

Under GAAP, limited partner profit share is treated as an operating expense in the period the limited partner provides services.

Our GAAP employee compensation expense reflects share-based and other compensation recognized in respect of (a) the equity participation plan, the 10,000,000 shares allocated for the benefit of employees, service providers and certain key personnel under the Restricted Stock Plan, approximately 250,000 shares awarded to employees and certain key personnel under the 2007 LTIP at the closing of the Acquisition and the agreement among principals and trustees (collectively, the *Acquisition-related compensation expense*) and (b) share-based compensation recognized in respect of shares awarded post-Acquisition under the LTIP.

Under GAAP, there is a charge to compensation expense for Acquisition-related compensation expense based on certain service conditions. However, management believes that this charge does not reflect our ongoing core business operations and compensation expense and excludes such amounts for purposes of assessing our ongoing core business performance. In the case of the Acquisition-related compensation expense associated with Sage Summit LP and Lavender Heights Capital LP, because (1) awards forfeited by participants in the equity participation plan who terminated their service with us and who are no longer limited partners are returned to Sage Summit LP and Lavender Heights Capital LP, and not us, (2) the cash and stock held by the limited partnerships may be reallocated to then existing or future participants in the plan without further dilution to our shareholders, (3) the amount of consideration received by the entities in the Acquisition was awarded prior to the Acquisition based on the contributions of the

participants in the equity participation plan prior to the Acquisition and (4) the amount reduced the number of shares which would

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otherwise have been paid to the former GLG shareowners in the Acquisition, management measures ongoing business performance by excluding these amounts. In the case of the Acquisition-related compensation expense associated with the Restricted Stock Plan, because the amount allocated to the Restricted Stock Plan was designed to recognize employees, service providers and key personnel for their contribution to GLG prior to the Acquisition and because the shares allocated to the Restricted Stock Plan reduced the number of shares which would otherwise have been paid to the former GLG shareowners in the Acquisition, management measures ongoing business performance by excluding these amounts. In the case of the Acquisition-related compensation expense associated with the agreement among principals and trustees, because, notwithstanding the service requirement, neither the vesting nor forfeiture provisions of that agreement would be accretive or dilutive to our present or future shareholders, management measures ongoing business performance by excluding these amounts.

As a result of our view on the Acquisition-related compensation expense, we present the measure non-GAAP CBP, which is a non-GAAP financial measure used to calculate adjusted net income, as described below under *Assessing Business Performance*, and which deducts Acquisition-related compensation expense from GAAP compensation, benefits and profit share expense, to show the total ongoing cost of the services provided to us by both participants in the limited partner profit share arrangement and employees in relation to services rendered during the periods under consideration.

The components of non-GAAP CBP are:

Base compensation contractual compensation paid to employees in the form of base salary, which is expensed as incurred.

Variable compensation payments that arise from the contractual entitlements of personnel to a fixed percentage of certain variable fee revenues attributable to such personnel with respect to GLG Funds and managed accounts. The liability for variable compensation is a formulaic obligation calculated by reference to and payable following the crystallization of fee revenues at the end of each fee period, which may be monthly, quarterly, annually or semi-annually (on June 30 or December 31) depending on the fee source.

Discretionary compensation payments that are determined by our management in its sole discretion and are generally linked to performance. In determining such payments, our management considers, among other factors, the ratio of total discretionary compensation to total revenues; however, this ratio may vary between periods and, in particular, significant discretionary bonuses may still be paid in a period of low performance for retention and incentivization purposes. This discretionary compensation is paid to employees in the form of a discretionary cash bonus or share-based compensation. Discretionary compensation is generally declared and paid following the end of each calendar year. However, the estimated discretionary compensation charge is adjusted monthly based on the year-to-date profitability and revenues recognized on a year-to-date basis. As the majority of the GLG Funds crystallize their performance fees at June 30 and December 31, the majority of discretionary compensation expense crystallizes at year end and is typically paid in January and February following the year end. We implemented a deferred compensation program for employees and limited partners in respect of discretionary compensation for 2009. A portion of the discretionary compensation allocated to our investment and other professionals has been deferred in annual installments until the first quarter 2012. Deferred awards given to certain investment professionals and marketers are invested on their behalf into GLG Funds, aligning portfolio manager and marketers' incentives with those of the investors in such funds and, indirectly, our shareholders. Deferred awards and any related investment earnings or losses will vest to the extent that there are no forfeitures, in two equal installments on March 31, 2011 and 2012 and will be accounted for on a straight line basis. Deferred awards for all other personnel were issued in the form of restricted shares of our common stock, aligning their incentives with our shareholders. The common stock will also vest over a two year period to the extent that there are no forfeitures, in two equal installments on March 31, 2011 and 2012 and will be accounted for on an accelerated method basis.

Limited partner profit share distributions of limited partner profit share under the limited partner profit share arrangement described below.

Post-Acquisition LTIP post-Acquisition share based awards to employees and limited partners who are participants in the limited partner profit share arrangement under the LTIP.

Limited Partner Profit Share

The key personnel who are participants in the limited partner profit share arrangement provide services to us through two limited liability partnerships, Laurel Heights LLP and Lavender Heights LLP, which are limited partners in GLG Partners LP and GLG

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Partners Services LP, respectively. The amount of profits (or limited partner profit share) attributable to each of the LLPs is determined at our discretion based upon the profitability of our business and our view of the contribution to revenues and profitability from the services provided by each limited partnership during that period. These profit shares are recorded as operating expenses matching the period in which the related revenues are accrued and services provided. A portion of the partnership distribution is advanced monthly as a draw against final determination of profit share. Once the final profit allocation is determined, typically in January following each year end, it is paid to the LLPs, as limited partners, less any amounts paid as advance drawings during the year. Other limited partners of GLG Partners Services LP and GLG Partners Services 2 LP who receive profit allocations include four investment professionals who are not members of Lavender Heights LLP, but whose profit distributions from GLG Partners Services LP or GLG Partners Services 2 LP are determined in the same manner as the allocation of profit shares to individual members of the LLP described below and included in the limited partner profit measure, as described below, or based on terms in the partnership agreement.

Allocation of Profit Shares to Individual Members of LLPs

Profit allocations made to the LLPs by GLG Partners LP and GLG Partners Services LP make up substantially all of the LLPs' net profits for each period. Members are entitled to a base limited partner profit share priority drawing, which is a fixed amount and paid as a partnership draw. Certain members are also entitled to a variable limited partner profit share priority drawing or contractually agreed additional profit share, in each case, based on a fixed percentage of certain variable fee revenues attributable to such personnel with respect to GLG Funds and managed accounts, which variable profit shares are paid as a partnership draw and additional profit shares are distributed semi-annually. After year end, the managing members of the LLPs will declare discretionary allocations to the key personnel who participate in the limited partner profit share arrangement and who are LLP members from the remaining balance of the LLPs' net profits, after taking into account the base and variable limited partnership profit share priority drawings, based on their view of those individuals' contribution to the generation of these profits. This process will typically take into account the nature of the services provided to us by each key personnel, his or her seniority and the performance of the individual during the period. Profit allocations, net of any amounts paid during the year as priority partnership drawings, are typically paid to the members in January and February following each year end.

As our investment performance improves, our compensation costs and performance-related limited partner profit share distributions are expected generally to rise correspondingly. In addition, equity-based compensation costs may vary significantly from period to period depending on the market price of our common stock, among other things. In order to retain our investment professionals during periods of poor performance, we may have to pay our investment professionals significant amounts, even if we earn low or no performance fees. In these circumstances these payments may represent a larger proportion of our revenues than historically.

We implemented a deferred compensation program for employees and limited partners in respect of discretionary compensation for 2009. A portion of the discretionary compensation allocated to our investment and other professionals has been deferred in annual installments until the first quarter 2012. Deferred awards given to certain investment professionals and marketers will be invested on their behalf into GLG Funds, aligning portfolio manager and marketers' incentives with those of the investors in such funds and, indirectly, our shareholders. Deferred awards and any related investment earnings or losses will vest to the extent that there are no forfeitures, in two equal installments on March 31, 2011 and 2012 and will be accounted for on a straight line basis. Deferred awards for all other personnel will be issued in the form of our common stock, aligning their incentives with our shareholders. The common stock will also vest over a two year period to the extent that there are no forfeitures, in two equal installments on March 31, 2011 and 2012 and will be accounted for on an accelerated method basis.

Acquisition-Related Compensation Expense

Following the Acquisition, our GAAP compensation, benefits and profit share expense reflects share-based and other compensation recognized with respect to (a) the 15% of the total consideration of cash and capital stock received collectively by Sage Summit LP and Lavender Heights Capital LP in connection with the Acquisition (including with respect to the cash portion of the awards under the equity participation plan in the aggregate amounts of \$91 million, \$48 million and \$6 million for the three 12-month periods beginning with the consummation of the Acquisition), the 10,000,000 shares allocated for the benefit of employees, service providers and certain key personnel under the

Restricted Stock Plan, approximately 250,000 shares awarded to employees and certain key personnel under the 2007 LTIP at the closing of the Acquisition and the agreement among principals and trustees and (b) dividends paid on unvested shares that are ultimately not expected to vest.

Table of Contents***General and Administrative***

Our non-personnel cost base represents the expenditure required to provide an effective investment infrastructure and marketing operation. Key elements of the cost base are, among other things, professional services fees, temporary and contract employees, travel, information technology and communications, business development, marketing, occupancy, facilities and insurance.

Assessing Business Performance

As discussed above under Expenses Compensation, Benefits and Profit Share, we assess our personnel-related expenses based on the measure non-GAAP CBP. Non-GAAP CBP reflects GAAP compensation, benefits and profit share expense, adjusted to exclude the Acquisition-related compensation expense described above under Expenses Compensation, Benefits and Profit Share and assess our expenses based on the measure non-GAAP total expenses, which adjusts GAAP total expenses for the same Acquisition-related compensation expense as non-GAAP CBP.

In addition, we assess the underlying performance of our business based on the measure non-GAAP adjusted net income, which adjusts net loss before non-controlling interests for (1) the Acquisition-related compensation expense, (2) the tax benefit related to Acquisition-related compensation that is tax deductible for GAAP purposes, (3) any gains or losses realized from investments in GLG Funds held by equity participation plan participants in connection with the Acquisition, (4) the cumulative dividends payable to the holders of exchangeable shares of our FA Sub 2 Limited subsidiary in respect of our estimate of the net taxable income of FA Sub 2 Limited allocable to such holders multiplied by an assumed tax rate, and (5) amortization of the intangible assets recognized in relation to the acquired management contracts of Société Générale Asset Management UK (SGAM UK) and its associated tax effect. See Results of Operations Adjusted Net Income for reconciliation to GAAP measures for the periods presented.

We believe that excluding the impact of the above enhances the comparisons to our core results of operations with historical periods and provides a better measure of our economic income.

Non-GAAP CBP and non-GAAP total expenses are not measures of financial performance under GAAP and should not be considered as an alternative to GAAP compensation, benefits and profit share expense or GAAP total expenses, respectively. Further, non-GAAP adjusted net income is not a measure of financial performance under GAAP and should not be considered as an alternative to GAAP net income as an indicator of our operating performance or any other measures of performance derived in accordance with GAAP.

The non-GAAP financial measures we present may be different from non-GAAP financial measures used by other companies.

We are providing these non-GAAP financial measures to enable investors, securities analysts and other interested parties to perform additional financial analysis of our personnel-related costs and our earnings from operations and because we believe that they will be helpful to investors in understanding all components of the personnel-related costs of our business. We believe that the non-GAAP financial measures also enhance comparisons of our core results of operations with historical periods. In particular, we believe that the non-GAAP adjusted net income measure better represents economic income than does GAAP net income primarily because of the adjustments described above. In addition, we use these non-GAAP financial measures in our evaluation of our core results of operations and trends between fiscal periods and believe these measures are an important component of our internal performance measurement process. We also prepare forecasts for future periods on a basis consistent with these non-GAAP financial measures. Non-GAAP adjusted net income has certain limitations in that it may overcompensate for certain costs and expenditures related to our business.

Assets Under Management

The mix of our AUM changed in the second quarter of 2009 from a portfolio of predominantly higher fee-yielding alternative strategies products to a portfolio with approximately 50% in long-only strategies and managed account products due to the acquisition of SGAM UK, completed in the second quarter of 2009. The effect of this shift has reduced our management fee yields when measured as a percentage of our overall AUM. We expect that the effect on our management fee yields in future periods will continue to be dependent upon asset mix, specific inflows, outflows and other related factors such as these.

Table of Contents**June 30, 2010 Compared to March 31, 2010, December 31, 2009 and June 30, 2009****Change in AUM between June 30, 2010, March 31, 2010, December 31, 2009 and June 30, 2009**

(U.S. dollars in millions)

	As of Jun. 30, 2010	As of Mar. 31, 2010	3-Month Change	As of Dec. 31, 2009	6-Month Change	As of Jun. 30, 2009	12-Month Change
Alternative Strategies ⁽¹⁾	\$ 12,088	\$ 12,504	\$ (416)	\$ 11,501	\$ 587	\$ 10,441	\$ 1,647
Long-only Strategies ⁽²⁾	12,820	13,340	(520)	12,864	(44)	11,131	1,689
Gross AUM	\$ 24,908	\$ 25,844	\$ (936)	\$ 24,365	\$ 543	\$ 21,572	\$ 3,336
Less: alternative strategy investments in GLG Funds	(956)	(1,078)	\$ 122	\$ (1,088)	\$ 132	\$ (1,456)	\$ 500
Less: long-only strategy investments in GLG Funds	(996)	(1,098)	102	(1,103)	107	(1,022)	26
Net AUM	\$ 22,956	\$ 23,668	\$ (712)	\$ 22,175	\$ 781	\$ 19,094	\$ 3,862

	As of Jun. 30, 2010	As of Mar. 31, 2010	As of Dec. 31, 2009	As of Jun. 30, 2009
Quarterly Average gross AUM	\$ 25,376	\$ 25,104	\$ 24,179	\$ 18,495
Quarterly Average net AUM	\$ 23,312	\$ 22,921	\$ 21,901	\$ 18,840
Opening net AUM	\$ 23,668	\$ 22,175	\$ 21,628	\$ 14,031
Inflows	3,397	3,342	3,419	5,634
Outflows	(1,860)	(2,388)	(2,697)	(3,408)
Inflows (net of redemptions)	1,537	954	723	2,226
Performance (gains net of losses and fees)	(1,524)	1,292	18	1,797
Currency translation impact (non-USD AUM expressed in USD)	(725)	(753)	(194)	1,040
Closing net AUM	\$ 22,956	\$ 23,668	\$ 22,175	\$ 19,094

(1) Alternative strategy gross AUM includes all alternative strategy funds, all 130/30 strategy funds and all managed accounts managed consistent with alternative and 130/30 strategies.

(2) Long-only strategy gross AUM includes all long-only funds and managed accounts managed consistent with a long-only strategy.

During the three months ended June 30, 2010, our net AUM decreased by 3.0% to \$23.0 billion and our gross AUM decreased by 3.6% to \$24.9 billion. The decrease in net AUM was attributable to the following:

Negative fund and managed account performance during the second quarter of 2010, resulting in performance losses (net of gains and inclusive of fees) of \$1.5 billion.

Inflows (net of redemptions) of \$1.5 billion in AUM during the second quarter of 2010, primarily driven by:

Long-only strategy net inflows of \$1.0 billion, which was composed of subscriptions of \$2.0 billion offset by redemptions of \$1.0 billion; and

Alternative strategy net inflows of \$0.5 billion, which was composed of subscriptions of \$1.4 billion offset by redemptions of \$0.9 billion.

A strengthening of the U.S. dollar against other currencies in which a portion of our funds and managed accounts are denominated, which resulted in negative foreign exchange impact on AUM of \$0.7 billion during the quarter.

The ratio between net and gross AUM increased during 2009 and continued into 2010, reflecting decreased relative levels of fund-in-fund investments, with respect to investments by our FoF products in certain funds managed by us and investments by certain alternative strategy funds managed by us in other alternative strategy funds managed by us.

As of June 30, 2010, approximately \$0.1 billion of AUM were in GLG Funds for which the related fund boards of directors had suspended redemptions. The funds included: the GLG Credit Fund, the GLG Event Driven Fund, the GLG Global Utilities Fund, the GLG MMI Enhanced II Fund, the GLG EAFE (Institutional) Fund, the GLG Performance Institutional Fund, the GLG MMI Select Fund, the GLG MMI CTA Fund and the GLG MMI Diversified Fund. We continue to receive full management fees for a majority of these funds.

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In addition, as of June 30, 2010, we managed special assets funds which are principally comprised of private placement and other not readily realizable investments that have been transferred from other GLG Funds totaling approximately \$0.9 billion. These special assets funds included the GLG Emerging Markets (Special Assets) Fund, GLG European Long-Short (Special Assets) Fund, GLG North American Opportunity (Special Assets) Fund, GLG Global Opportunity (Special Assets) Fund, GLG MMI Diversified (Special Assets) Fund, GLG European Opportunity (Lehman Recovery) Fund, GLG Technology (Lehman Recovery) Fund, GLG MMI Diversified (Special Assets II) Fund and the GLG MMI Enhanced (Special Assets) Fund. The purpose of the special assets funds is to permit the orderly sale of these investments. As investments held by the special assets funds are sold, proceeds will be used to redeem investors from those funds. Other than the GLG Emerging Markets (Special Assets) Fund, which has a management fee of 2.0%, all of the above funds have reduced management fees.

On September 15, 2008, Lehman Brothers Holdings Inc. (the ultimate parent company of the Lehman Brothers group) filed for Chapter 11 bankruptcy in the United States and LBIE, the principal European broker-dealer for the Lehman Brothers group, was placed into administration by order of the English court. Lehman Brothers prime brokerage unit in the United Kingdom was one of the business groups forming part of LBIE. Other Lehman Brothers entities have also filed for or commenced insolvency-related proceedings, including Lehman Brothers Inc. (LBI), Lehman Brothers U.S. broker-dealer.

Nearly all of the GLG Funds and several of the GLG institutional managed accounts existing at that time utilized LBIE as a prime broker. All of the GLG Funds and managed accounts existing at that time had LBIE, and a small number of GLG Funds and managed accounts had LBI, as a trading counterparty. In addition, all of GLG's private client managed accounts at that time used LBIE, and a small number of GLG's private clients additionally used LBI, as a custodian and broker for their accounts. As a consequence of LBIE being in administration, the GLG Funds and, to the best of our knowledge, the managed accounts which used LBIE as a prime broker, have been unable to access their assets, including all securities and cash, deposited with LBIE, except until recently as described in the next paragraph.

On December 29, 2009, the administrators of LBIE announced that the conditions to effectiveness of the Claims Resolution Agreement (the CRA), a voluntary contractual scheme binding upon LBIE and those clients of LBIE party to it had been satisfied and the CRA became effective on January 21, 2010. All of the relevant GLG Funds became signatories to the CRA. The CRA provides a framework pursuant to which signatories' trust asset and other claims against LBIE will be resolved resulting in, among other things, the return of trust assets, the determination and discharge of amounts owing to and from LBIE, the implementation of setoff rights and the crystallization of an admitted unsecured claim against LBIE. Trust asset returns pursuant to the CRA began for our Funds (and to our knowledge certain managed accounts) during June 2010 and continue to date. We expect a substantial majority of the GLG Funds' trust assets under the control of LBIE (principally trust assets other than those for which LBI acted as a sub-custodian) will be returned by the end of 2010. Although no assurance can be given in this regard.

The net direct exposure of each effected GLG Fund to LBIE and the other entities in the Lehman Brothers group is reflected in the net asset value of each fund and carried by the fund at fair value. The fair value of the exposure is determined on the basis of the best information available to us from time to time, including information received from LBIE, that the claims of the GLG Funds which are signatories to the CRA will be determined as provided in the CRA and on the basis of legal and professional advice obtained for the purpose of determining the rights and obligations of each relevant GLG Fund. Fair value is also determined on the basis of certain assumptions which we believe to be reasonable, including with respect to the level of shortfalls in the recovery of trust assets, the level of recovery from LBI, the level of recovery on client money claims and the ultimate recovery on unsecured claims. The fair value of the exposure is reviewed regularly as needed, including the assumptions, with the relevant GLG Fund's directors, independent fund administrator and independent auditors, and is updated as necessary, to reflect new information or changes in assumptions. For example, on August 3, 2010, the UK Court of Appeal issued a decision impacting client money claims. As a result of that decision, we reduced our estimated recovery for segregated client money and increased our estimated recovery on unsegregated client money, among other things. We do not believe these changes will have a material adverse affect on us.

We are unable to estimate the exposure our institutional managed accounts have to LBIE as a prime broker because the clients in these cases maintain the relationships with their third party service providers, such as prime brokers,

custodians and administrators, nor do we have access to the terms of their agreements with LBIE or know the extent of exposure these clients may have to LBIE outside their managed account with us.

As a consequence of the administration of LBIE and the liquidation proceedings under the Securities Investor Protection Act of 1970, as amended, of LBI, our private clients have been unable to access their assets, including all securities and cash, in their respective accounts with LBIE or LBI managed by us, except until recently for those private clients who are signatories to the CRA. To the extent our private clients' assets constitute securities held in custody by LBIE or LBI, we believe the clients should recover

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these securities to the extent these securities do not collateralize amounts owing by our clients to LBIE or LBI. To the extent our private client's assets constitute cash held by LBIE as client money, we believe the clients should recover in the same proportion as all LBIE clients recover client money, with any shortfall generally resulting in an unsecured claim against the LBIE estate. To the extent private clients are owed amounts under trading contracts with LBIE or LBI, we believe such amounts will constitute unsecured claims against LBIE or LBI, as the case may be. Notwithstanding the foregoing, the position of any individual private client will depend on the facts and circumstances surrounding such private client's claims, as well as their particular legal rights and obligations pursuant to their agreements with LBIE or LBI.

The GLG Funds and our managed accounts have, in the aggregate, recognized losses as a result of the foregoing and, the GLG Funds and managed accounts may incur additional losses if our estimates change and/or the assumptions we have made, information we have received, including from LBIE, or outside opinions we have obtained prove incorrect. In any event, the GLG Funds and managed accounts will suffer substantial delay before there is a final resolution of their claims and the ultimate recovery. If our clients, including the GLG Funds, do not fully recover their assets, suffer losses or substantial delays, they might redeem their investments, lose confidence in us and or make claims against us, our affiliates and/or the GLG Funds, any of which could have a material adverse effect on our business, results of operations or financial condition.

Table of Contents**Results of Operations****Condensed Consolidated GAAP Statement of Operations Information**
(U.S. dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Net revenues and other income				
Management fees, net	\$ 46,868	\$ 36,031	\$ 89,545	\$ 70,458
Performance fees, net	22,371	37,942	25,088	48,759
Administration, service and distribution fees, net	7,672	5,937	15,016	11,410
Other	308	6,232	1,290	7,229
Total net revenues and other income	77,219	86,142	130,939	137,856
Expenses				
Compensation, benefits and profit share	121,612	171,930	222,952	318,586
General, administrative and other	32,302	25,426	59,050	47,743
Amortization of intangible assets	853	833	1,737	833
Third party, distribution, administration and service fees	811	665	2,142	665
Total expenses	155,578	198,854	285,881	367,827
Loss from operations	(78,359)	(112,712)	(154,942)	(229,971)
Realized loss on available-for-sale investments	(955)		(917)	(21,217)
Gain on debt extinguishment		84,821		84,821
Gain on business combination negative goodwill		21,122		21,122
Fair value movement in trading securities	(455)		22	
Interest income	162	291	417	649
Interest expense	(2,697)	(3,619)	(5,998)	(6,567)
Loss before income taxes	(82,304)	(10,097)	(161,418)	(151,163)
Income tax benefit / (expense)	(1,315)	(1,934)	7,964	(2,552)
Net loss	(83,619)	(12,031)	(153,454)	(153,715)
Less non-controlling interests:				
Share of (income)/losses	10,079	(1,794)	19,067	20,227
Cumulative dividends on exchangeable shares	(1,057)	(10,552)	(1,057)	(11,147)
Net loss attributable to common stockholders	\$ (74,597)	\$ (24,377)	\$ (135,444)	\$ (144,635)

Table of Contents**Net Revenues and Other Income***Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009***Change in GAAP Net Revenues and Other Income between
Three Months Ended June 30, 2010 and June 30, 2009**

	Three Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Net revenues and other income			
Management fees, net	\$ 46,868	\$ 36,031	\$ 10,837
Performance fees, net	22,371	37,942	(15,571)
Administration, service, and distribution fees, net	7,672	5,937	1,735
Other	308	6,232	(5,924)
Total net revenues and other income	\$ 77,219	\$ 86,142	\$ (8,923)

Key ratios (annualized):

Total net revenues and other income/average net AUM	1.32%	1.83%	(0.51%)
Management fees/average net AUM	0.80%	0.77%	0.03%
Administration, service and distribution fees/average net AUM	0.14%	0.13%	0.01%

Total net revenues and other income decreased by \$8.9 million, or 10.4%, to \$77.2 million for the three months ended June 30, 2010 compared to the three months ended June 30, 2009. This decrease was driven primarily by lower performance fees and other income offset by higher management fee, and administration, service and distribution fee revenue due to net AUM inflows and fund performance.

For management fee and administration, service and distribution fee revenues, we use net fee yield as a measure of our fees generated for every dollar of our net AUM. The net management fee and administration, service and distribution fee yield is equal to the management fees and administration, service and distribution fees, respectively, divided by average net AUM for the applicable period.

Net management fees increased by \$10.8 million, or 30.1%, to \$46.9 million. This increase in net management fees was driven by the increase in AUM due to net inflows and fund performance since June 30, 2009. Our overall management fee yield has increased 3 basis points as compared to last year as the percentage of alternative strategy assets have increased.

Net performance fees decreased by \$15.6 million, or 41.0%, to \$22.4 million. The decrease in fees was driven by: the impact of the number of GLG Funds able to meet their respective performance fee hurdle rates or high water marks since performance fees last crystallized and the absolute performance of those funds; and

the timing of AUM inflows and outflows from the GLG Funds, resulting in reduced crystallized performance fees during the three months ended June 30, 2010.

Net administration, service and distribution fees increased by \$1.7 million, or 29.2%, to \$7.7 million. This increase was primarily driven by the effect of increased levels of AUM.

Other income decreased by \$5.9 million primarily due to lower foreign currency balances producing gains in the current period partially offset by other fees generated by a subset of our long-only products.

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Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

**Change in GAAP Net Revenues and Other Income between
Six Months Ended June 30, 2010 and June 30, 2009**

	Six Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Net revenues and other income			
Management fees, net	\$ 89,545	\$ 70,458	\$ 19,087
Performance fees, net	25,088	48,759	(23,671)
Administration, service, and distribution fees, net	15,016	11,410	3,606
Other	1,290	7,229	(5,939)
Total net revenues and other income	\$ 130,939	\$ 137,856	\$ (6,917)
Key ratios (annualized):			
Total net revenues and other income/average net AUM	1.14%	1.82%	(0.68%)
Management fees/average net AUM	0.78%	0.93%	(0.15%)
Administration, service and distribution fees/average net AUM	0.13%	0.15%	(0.02%)

Total net revenues and other income decreased by \$6.9 million, or 5.0%, to \$130.9 million for the six months ended June 30, 2010 compared to the six months ended June 30, 2009. This decrease was driven primarily by lower performance fees and other income offset by higher management fee, and administration, service and distribution fee revenue due to net AUM inflows, fund performance and the higher average net AUM levels resulting from the SGAM UK acquisition in Q2 2009.

For management fee and administration, service and distribution fee revenues, we use net fee yield as a measure of our fees generated for every dollar of our net AUM. The net management fee and administration, service and distribution fee yield is equal to the management fees and administration, service and distribution fees, respectively, divided by average net AUM for the applicable period.

Net management fees increased by \$19.1 million, or 27.1%, to \$89.5 million. This increase in net management fees was driven by the increase in AUM through assets obtained in the SGAM UK acquisition, as well as net AUM inflows and fund performance. Our overall management fee yield has decreased as compared to the same period last year resulting from the changing mix of AUM towards lower fee-yielding products and the impact of the SGAM UK acquisition-related long-only AUM.

Net performance fees decreased by \$23.7 million, or 48.5% to \$25.1 million. The decrease in fees was driven by: the impact of the number of GLG Funds able to meet their respective performance fee hurdle rates or high water marks since performance fees last crystallized and the absolute performance of those funds; and

the timing of AUM inflows and outflows from the GLG Funds, resulting in reduced crystallized performance fees during the six months ended June 30, 2010.

Net administration, service and distribution fees increased by \$3.6 million, or 31.6% to \$15.0 million. This increase was primarily driven by the effect of increased levels of AUM and the SGAM UK acquisition.

Other income decreased by \$5.9 million primarily due to lower foreign currency balances producing gains in the current period partially offset by other fees generated by a subset of our long-only products.

Table of Contents**Expenses***Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009***Change in GAAP Expenses between
Three Months Ended June 30, 2010 and June 30, 2009**

	Three Months Ended June 30,		Change
	2010	2009	
	(U.S. dollars in thousands)		
Expenses			
Compensation, benefits and profit share	\$ 121,612	\$ 171,930	\$ (50,318)
General, administrative and other	32,302	25,426	6,876
Amortization of intangible assets	853	833	20
Third party distribution, administration and service fees	811	665	146
Total expenses	\$ 155,578	\$ 198,854	\$ (43,276)

Key ratios (annualized):

Compensation, benefits and profit share/total GAAP net revenues and other income	157.5%	199.6%	(42.1%)
General, administrative and other/total GAAP net revenues and other income	41.8%	29.5%	12.3%
Total expenses/total GAAP net revenues and other income	201.5%	230.8%	(29.3%)

Our overall GAAP expenses decreased by \$43.3 million, or 21.8%, to \$155.6 million. Compensation, benefits and profit share decreased by \$50.3 million, or 29.3%, to \$121.6 million, primarily as a result of a reduction of \$48.4 million in the expenses relating to Acquisition-related share based compensation. In particular the Acquisition related expense relating to the agreement among principals and trustees decreased by \$38.6 million and those related to employees and key personnel decreased by \$9.5 million mainly due to vesting in the fourth quarter of 2009.

Other factors contributing to the decrease in compensation, benefit and profit share include the following:
recognition in second quarter of 2009 of one-time restructuring costs associated with the SGAM UK acquisition;

lower level of non-cash share based compensation in second quarter of 2010 when compared with second quarter of 2009 which had reflected an elevated level due to share awards granted in 2008 and in 2009 as part of rebuilding certain investment management teams; and

the reversal of payroll liabilities as a result of the positive conclusion of a certain statutory audit.

This was partially offset by increases in compensation, benefits and profit share including the following:
non-cash share-based compensation attributable to the change in the share price between the date the proposed acquisition transaction with Man was announced and June 30, 2010 with respect to those share awards accounted for on a variable basis;

increased level of run rate fixed compensation, variable and discretionary elements of compensation due to increased AUM levels and market conditions; and

recognition of the compensation and limited partner profit share related to the deferred compensation program implemented as discussed in more detail below.

As a result of the equity awards granted following the Acquisition, we anticipate, based on our share price as at June 30, 2010 and current forfeiture estimates, that a total \$16.4 million of post-acquisition share based compensation

will be recognized in future periods in respect of non-vested awards, of which \$9.1 million will be recognized over the remainder of 2010 and a further \$7.3 million will be recognized in 2011 and 2012 as the awards vest.

We implemented a deferred compensation program for employees and limited partners in respect of discretionary compensation for 2009. A portion of the discretionary compensation allocated to our investment and other professionals has been deferred in annual installments until the first quarter 2012. Deferred awards given to certain investment professionals and marketers are invested on their behalf into GLG Funds, aligning portfolio manager and marketers' incentives with those of the investors in such funds and, indirectly, our shareholders. Deferred awards and any related investment earnings or losses will vest to the extent that there are no forfeitures, in

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two equal instalments on March 31, 2011 and 2012 and will be accounted for on a straight line basis. Deferred awards for all other personnel were issued in the form of restricted shares of our common stock, aligning their incentives with our shareholders. The common stock will also vest over a two year period to the extent that there are no forfeitures, in two equal instalments on March 31, 2011 and 2012 and will be accounted for on an accelerated method basis. We deferred \$12.9 million of compensation under the deferred compensation program for 2009 in respect of discretionary awards, of which \$1.8 million was recognized in earnings in the three months ended June 30, 2010.

General, administrative and other expenses increased by \$6.9 million, or 27.0%, primarily as a result of \$9.8 million of transaction costs incurred related to the proposed acquisition transaction with Man. The transaction costs mainly relate to investment banking, legal and due diligence related costs that have been incurred in the current quarter. Excluding these costs, general administrative and other expenses declined by 11.6% when compared to the same quarter last year, primarily due to the ongoing expense reduction measures and foreign exchange effects.

Third party distribution, administration and service fees, which reflect fund administration costs as well as cross-selling fees related to the funds acquired as part of the SGAM UK acquisition, increased by approximately \$0.1 million for the three months ended June 30, 2010 as compared to the three months ended June 30, 2009.

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

**Change in GAAP Expenses between
Six Months Ended June 30, 2010 and June 30, 2009**

	Six Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Expenses			
Compensation, benefits and profit share	\$ 222,952	\$ 318,586	\$ (95,634)
General, administrative and other	59,050	47,743	11,307
Amortization of intangible assets	1,737	833	904
Third party distribution, administration and service fees	2,142	665	1,477
Total expenses	\$ 285,881	\$ 367,827	\$ (81,946)
Key ratios (annualized):			
Compensation, benefits and profit share/total GAAP net revenues and other income	170.3%	231.1%	(60.8%)
General, administrative and other/total GAAP net revenues and other income	45.1%	34.6%	10.5%
Total expenses/total GAAP net revenues and other income	218.3%	266.8%	(48.5%)

Our overall GAAP expenses decreased by \$81.9 million, or 22.3%, to \$285.9 million. Compensation, benefits and profit share decreased by \$95.6 million, or 30.0%, to \$223.0 million, primarily as a result of a reduction of \$108.7 million in the expenses relating to Acquisition-related share based compensation. In particular the Acquisition related expense relating to the agreement among principals and trustees decreased by \$77.1 million and those related to employees and key personnel decreased by \$31.6 million mainly due to vesting in the fourth quarter of 2009

Other factors contributing to the decrease in compensation benefit and profit share includes:

the reversal of payroll liabilities as a result of the positive conclusion of a certain statutory audit; and

lower level of non-cash share based compensation in second quarter of 2010 when compared with second quarter of 2009 which had reflected an elevated level due to share awards granted in 2008 and in 2009 as part of rebuilding certain investment management teams which were reflected in 2009 expense.

This was offset by increases in compensation, benefits and profit share including the following:

increased level of run rate fixed compensation, variable and discretionary elements of compensation due to increased AUM levels and market conditions;

recognition of the compensation and limited partner profit share related to the deferred compensation program implemented as discussed in more detail below; and

non-cash share-based compensation attributable to the change in the share price between the date the proposed acquisition transaction with Man was announced and June 30, 2010 with respect to those share awards accounted for on a variable basis.

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As a result of the equity awards granted following the Acquisition, we anticipate, based on our share price as at June 30, 2010 and current forfeiture estimates, that a total \$16.4 million of post-acquisition share based compensation will be recognized in future periods in respect of non-vested awards, of which \$9.1 million will be recognized over the remainder of 2010 and a further \$7.3 million will be recognized in 2011 and 2012 as the awards vest

We implemented a deferred compensation program for employees and limited partners in respect of discretionary compensation for 2009. A portion of the discretionary compensation allocated to our investment and other professionals has been deferred in annual installments until the first quarter 2012. Deferred awards given to certain investment professionals and marketers are invested on their behalf into GLG Funds, aligning portfolio manager and marketers incentives with those of the investors in such funds and, indirectly, our shareholders. Deferred awards and any related investment earnings or losses will vest to the extent that there are no forfeitures, in two equal installments on March 31, 2011 and 2012 and will be accounted for on a straight line basis. Deferred awards for all other personnel were issued in the form of restricted shares of our common stock, aligning their incentives with our shareholders. The common stock will also vest over a two year period to the extent that there are no forfeitures, in two equal installments on March 31, 2011 and 2012 and will be accounted for on an accelerated method basis.

We deferred \$12.9 million of compensation under the deferred compensation program for 2009 in respect of discretionary awards, of which \$2.2 million was recognized in earnings in the six months ended June 30, 2010.

General, administrative and other expenses increased by \$11.3 million, or 23.7% primarily as a result of \$9.8 million of transaction costs related to the proposed acquisition transaction with Man and \$4.1 million was recognized on execution of the sublease in London. The transaction costs mainly relate to investment banking, legal and due diligence related costs that have been incurred in the current quarter. Excluding these costs, general administrative and other expenses decreased by 5.5% when compared to the same period last year, primarily due to the ongoing expense reduction measures and foreign exchange effects.

Amortization costs related to the intangible assets as part of the SGAM UK acquisition increased by \$0.9 million to \$1.7 million during the six months ended June 30, 2010 due to the SGAM Acquisition being completed in April 2009.

Third party distribution, administration and service fees which reflect fund administration costs as well as cross-selling fees related to the funds acquired as part of the SGAM UK acquisition increased by approximately \$1.5 million for the six months ended June 30, 2010 as compared to the six months ended June 30, 2009.

Table of Contents**Non-GAAP Expense Measures**

As discussed above under *Assessing Business Performance*, we present a non-GAAP compensation, benefits and profit share measure. The table below reconciles GAAP compensation, benefits and profit share to non-GAAP CBP for the periods presented.

Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

**Change in Non-GAAP Expenses between
Three Months Ended June 30, 2010 and June 30, 2009**

	Three Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Non-GAAP expenses			
GAAP compensation, benefits and profit share	\$ 121,612	\$ 171,930	\$ (50,318)
Less: Acquisition-related compensation expense	(80,466)	(128,851)	48,385
Non-GAAP CBP	41,146	43,079	(1,933)
Third party distribution, administration and service fees	811	665	146
GAAP general, administrative and other	32,302	25,426	6,876
Non-GAAP total expenses	\$ 74,259	\$ 69,170	\$ 5,089
Key ratios (based on non-GAAP measures):			
Non-GAAP CBP /total GAAP net revenues and other income	53.3%	50.0%	3.3%
General, administrative and other / total GAAP net revenues and other income	41.8%	29.5%	12.3%
Non-GAAP total expenses /total GAAP net revenues and other income	96.2%	80.3%	15.9%

Non-GAAP total expenses increased by \$5.1 million, or 7.4%, to \$74.3 million, primarily as a result of an increase in general, administrative and other expenses slightly offset by a decrease in non-GAAP CBP which was the result of the following including:

recognition in second quarter of 2009 of one-time restructuring costs associated with the SGAM UK acquisition;

lower level of non-cash share based compensation in second quarter of 2010 when compared with second quarter of 2009 which had reflected an elevated level due to share awards granted in 2008 and in 2009 as part of rebuilding certain investment management teams which were reflected in 2009 expense; and

the reversal of payroll liabilities as a result of the positive conclusion of a certain statutory audit which was partially offset by:

increased level of run rate fixed compensation, variable and discretionary elements of compensation due to increased AUM levels and market conditions;

non-cash share-based compensation attributable to the change in the share price between the date the proposed acquisition transaction with Man was announced and June 30, 2010 with respect to those share awards accounted for on a variable basis; and

recognition of the compensation and limited partner profit share related to the deferred compensation program as discussed under *Expenses*.

General, administrative and other expenses increased by \$6.9 million, or 27.0%, primarily as a result of \$9.8 million of transaction costs incurred related to the proposed acquisition transaction with Man. The transaction costs mainly relate to investment banking, legal and due diligence related costs that have been incurred in the current quarter. Excluding these costs, general administrative and other expenses declined by 11.6% when compared to the same quarter last year, primarily due to the ongoing expense reduction measures and foreign exchange effects

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Third party distribution, administration and service fees which reflect fund administration costs as well as cross-selling fees related to the funds acquired as part of the SGAM UK acquisition increased by approximately \$0.1 million for the three months ended June 30, 2010 as compared to the three months ended June 30, 2009.

Non-GAAP CBP in the future will continue to be impacted as a result of equity awards made in 2009 and the impact of deferral of part of the 2009 compensation that vests over the requisite service periods discussed under Expenses .

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

**Change in Non-GAAP Expenses between
Six Months Ended June 30, 2010 and June 30, 2009**

	Six Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Non-GAAP expenses			
GAAP compensation, benefits and profit share	\$ 222,952	\$ 318,586	\$ (95,634)
Less: Acquisition-related compensation expense	(146,873)	(255,588)	108,715
Non-GAAP CBP	76,079	62,999	13,080
Third party distribution, administration and service fees	2,142	665	1,477
GAAP general, administrative and other	59,050	47,743	11,307
Non-GAAP total expenses	\$ 137,271	\$ 111,407	\$ 25,864
Key ratios (based on non-GAAP measures):			
Non-GAAP CBP /total GAAP net revenues and other income	58.1%	45.7%	12.4%
General, administrative and other / total GAAP net revenues and other income	45.1%	34.6%	10.5%
Non-GAAP total expenses /total GAAP net revenues and other income	104.8%	80.8%	24.0%

Non-GAAP total expenses increased by \$25.9 million, or 23.2%, to \$137.3 million, primarily as a result of a \$13.1 million increase in non-GAAP CBP. The increase in non-GAAP CBP was primarily driven by the following:
increased level of run rate fixed compensation, variable and discretionary elements of compensation due to increased AUM levels and market conditions;

recognition of the compensation and limited partner profit share related to the deferred compensation program as discussed under Expenses ; and

non-cash share-based compensation attributable to the change in the share price between the date the proposed acquisition transaction with Man was announced and June 30, 2010 with respect to those share awards accounted for on a variable basis

which was partially offset by:

the reversal of payroll liabilities as a result of the positive conclusion of a certain statutory audit; and a lower level of non-cash share based compensation in second quarter of 2010 when compared with second quarter of 2009 which had reflected an elevated level due to share awards granted in 2008 and in 2009 as part of rebuilding certain investment management teams which were reflected in 2009 expense.

General, administrative and other expenses increased by \$11.3 million, or 23.7% primarily as a result of \$9.8 million of transaction costs related to the proposed acquisition transaction with Man and \$4.1 million was recognized on execution of the sublease in London. The transaction costs mainly relate to investment banking, legal

and due diligence related costs that have been incurred in the current quarter. Excluding these costs, general administrative and other expenses decreased by 5.5% when compared to the same period last year, primarily due to the ongoing expense reduction measures and foreign exchange effects.

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Third party distribution, administration and service fees which reflect fund administration costs as well as cross-selling fees related to the funds acquired as part of the SGAM UK acquisition increased by approximately \$1.5 million for the six months ended June 30, 2010 as compared to the six months ended June 30, 2009.

Non-GAAP CBP in the future will continue to be impacted as result of equity awards made in 2009 and the impact of deferral of part of the 2009 compensation that vests over the requisite service periods discussed under Expenses .

Table of Contents**Net Interest Expense***Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009***Change in Net Interest Expense between
Three Months Ended June 30, 2010 and June 30, 2009**

	Three Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Interest income	\$ 162	\$ 291	\$ (129)
Interest expense	(2,697)	(3,619)	922
Net interest expense	\$ (2,535)	\$ (3,328)	\$ 793

Interest income decreased by \$0.1 million, or 44.3%, to \$0.2 million. This decrease was primarily driven by a combination of lower income generating cash balances and a decrease in interest yields on those cash balances.

Interest expense decreased by \$0.9 million, or 25.5%, to \$2.7 million. This decrease was primarily driven by amortization of deferred gains on the debt restructuring undertaken during the second quarter of 2009.

*Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009***Change in Net Interest Expense between
Six Months Ended June 30, 2010 and June 30, 2009**

	Six Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Interest income	\$ 417	\$ 649	\$ (232)
Interest expense	(5,998)	(6,567)	569
Net interest expense	\$ (5,581)	\$ (5,918)	\$ 337

Interest income decreased by \$0.2 million, or 35.7%, to \$0.4 million. This decrease was primarily driven by a combination of lower income generating cash balances and a decrease in interest yields on those cash balances.

Interest expense decreased by \$0.6 million, or 8.7%, to \$6.0 million. This decrease was primarily driven by amortization of deferred gains on the debt restructuring undertaken during the second quarter of 2009

Income Taxes*Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009*

Income tax decreased by \$0.6 million to \$1.3 million, driven by an increase in loss before income taxes excluding the effect of Acquisition-related compensation expense. We calculate our effective tax rate on profit before tax after certain non-tax deductible expenses and non-taxable income. For the three months ended June 30, 2010, we recognized \$80.5 million of Acquisition-related compensation expense, \$77.4 million of which is not tax deductible, compared to \$128.9 million for the three months ended June 30, 2009, \$117.7 million of which is not tax deductible. We also recognized transaction costs of \$10.8 million (2009: Nil) and the amortization of intangible assets of \$0.9 million (2009: \$0.8 million) which are not tax deductible; negative goodwill arising on business combination of \$0 (2009: \$21.1 million) which is not taxable; and the recognition of a loss on available-for-sale equity investments of \$1.0 million (2009: Nil), which is not tax deductible. Our profit before tax and before these expenses was \$7.7 million and \$87.3 million for the three months ended June 30, 2010 and 2009, respectively. Our effective tax rate based on this measure was 17.0% and 2.2% for the three months ended June 30, 2010 and 2009, respectively. These rates differ from the U.S. Federal rate of tax of 35% due to the impact of Acquisition-related compensation expense, non-taxable

gain on extinguishment of debt in 2009 and because the Company's profits are predominantly earned outside the United States, where lower rates of tax apply.

Table of Contents*Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009*

Income tax decreased by \$10.5 million to a benefit of \$8.0 million, driven by the release of provisions relating to unrecognized tax benefits as the enquiry window for these provisions closed during the year and an increase in loss before income taxes excluding the effect of Acquisition-related compensation expense. We calculate our effective tax rate on loss/profit before tax and certain non-tax deductible expenses and non-taxable income. For the six months ended June 30, 2010, we recognized \$146.9 million of Acquisition-related compensation expense, \$141.3 million of which is not tax deductible, compared to \$255.6 million for the six months ended June 30, 2009, \$236.6 million of which is not tax deductible. We also recognized transaction costs of \$10.8 million (2009: Nil) and the amortization of intangible assets of \$1.7 million (2009: \$0.8 million) which are not tax deductible; negative goodwill arising on business combination of \$0 (2009: \$21.1 million) which is not taxable; and the recognition of a loss on available-for-sale equity investments of \$0.9 million (2009: \$21.2 million), which is not tax deductible. Our (loss)/profit before tax and before these expenses was (\$6.6) million and \$86.3 million for the six months ended June 30, 2010 and 2009, respectively. Our effective tax rate based on this measure was 120.0% and 3.0% for the six months ended June 30, 2010 and 2009, respectively. These rates differ from the U.S. Federal rate of tax of 35% due to the release of a provision for unrecognized tax benefits of \$7.3 million (2009: Nil), non-taxable gain on extinguishment of debt in 2009 and because the Company's profits are predominantly earned outside the United States where lower rates of tax apply.

Gain on business combination

In connection with the SGAM UK acquisition completed on April 3, 2009, we recorded a bargain purchase gain of approximately \$21.1 related to negative goodwill. This gain was primarily driven by:

The recording of the fair value of net assets acquired of \$27.6 million; and

Offset by the consideration of \$6.5 million paid to SGAM UK.

There was no corresponding business combination transaction during 2010.

Gain on extinguishment of debt

On May 15, 2009 the Company restructured its syndicated debt and revolving loan facilities, with \$284.5 million (\$27.7 million of the revolving credit facility and \$256.8 million of the term loan) being repurchased by a consolidated subsidiary at 60% of par value.

The discount of \$113.8 million arising from the restructuring, together with the unamortized costs from the original Acquisition financing of \$4.8 million and the direct finance costs relating to the refinancing of approximately \$6.0 million were allocated to each syndicate lender. The revolving credit facility and term loans were evaluated to determine whether the facility for each lender had been extinguished, reduced or remained unchanged. The term loans were evaluated under EITF 96-19, now primarily codified in ASC Topic 470, whether the loan for each lender was extinguished, replaced or modified.

The outcome of the evaluation of the revolving credit facilities and term loans was that \$84.8 million of the discount on repurchase was recognized in the statement of operations as a gain on extinguishment, \$26.5 million was added to the amortized cost of the continuing term loan, to be amortized against interest expense over the remaining period of the loan under the effective yield basis and \$6.9 million of the remaining costs were deferred and will be amortized over the term of the debt.

There was no corresponding extinguishment of debt during 2010.

Realized loss on available-for-sale securities*Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009*

Losses arising from the redemption of investments in GLG Funds to meet vested obligations of the equity participation plan, and recognition of other-than-temporary impairment on the remaining investments were approximately \$1.0 million during the three months ended June 30, 2010. There were no corresponding losses in the three months ended June 30, 2009.

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Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Redemptions in the first six months of 2010 were \$0.9 million. We recognized \$21.2 million in losses during the first quarter of 2009 arising from the redemptions of investments in GLG Funds to meet vesting obligations of the equity participation plan, and recognition of other-than-temporary impairment on the remaining investments.

Non-controlling Interests

Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

Non-controlling interests increased by \$21.4 million from a loss of \$12.3 million as of June 30, 2009 to a gain of \$9.0 million as of June 30, 2010. The difference was primarily due to:

\$11.9 million increase in share of losses attributable to holders of FA Sub 2 Exchangeable Shares; and

\$9.5 million reduction in cumulative dividends accruing to holders of FA Sub 2 Exchangeable Shares.

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Non-controlling interests increased by \$8.9 million from a gain of \$9.1 million as of June 30, 2009 to a gain of \$18.0 million as of June 30, 2010. The difference was primarily due to:

A decrease of \$1.2 million share of losses attributable to FA Sub 2 Exchangeable Shares; and

A \$10.1 million reduction in cumulative dividends accruing to holders of FA Sub 2 Exchangeable Shares.

Table of Contents**Adjusted Net Income**

As discussed above under *Assessing Business Performance*, we present a non-GAAP adjusted net income measure. The table below reconciles net income to adjusted net income for the periods presented.

Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

**Change in Non-GAAP Adjusted Net Income/(Loss) between
Three Months Ended June 30, 2010 and June 30, 2009**

	Three Months Ended		
	June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Derivation of non-GAAP adjusted net loss			
GAAP net loss before non-controlling interests	\$ (83,619)	\$ (12,031)	\$ (71,588)
Less: Cumulative dividend	(1,057)	(10,552)	9,495
Add: Acquisition-related compensation expense	80,466	128,851	(48,385)
Less: Tax-effect of Acquisition-related compensation expense	(403)	(441)	38
Less: Gain on business combination negative goodwill		(21,122)	21,122
Add: Amortization of intangible assets	853	833	20
Add: Realized loss on available-for-sale investments	955		955
Less: Tax-effect of amortization of intangible assets	(238)	(233)	(5)
Non-GAAP adjusted net (loss)/income	\$ (3,043)	\$ 85,305	\$ (88,348)

Adjusted net income decreased by \$88.3 million, to a loss of \$3.0 million. The decrease between the periods was primarily due to:

lower Acquisition-related compensation expense of \$48.4 million as a result of the November 2009 vesting of shares under the agreement among principals and trustees and shares granted under equity plans for employees and key personnel; and

an increase in GAAP net loss of approximately \$71.6 million as a result of (1) decreased revenues driven by lower performance fees and other income, partially offset by increases in management and administration fees due to increased AUM levels, (2) general and administrative costs of \$9.8 million in transaction related costs for the proposed acquisition transaction with Man, and (3) the absence of gains on debt extinguishment and SGAM UK business combination in the 2010 period.

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Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

**Change in Non-GAAP Adjusted Net Income/(Loss) between
Six Months Ended June 30, 2010 and June 30, 2009**

	Six Months Ended June 30,		
	2010	2009	Change
	(U.S. dollars in thousands)		
Derivation of non-GAAP adjusted net loss			
GAAP net loss before non-controlling interests	\$ (153,454)	\$ (153,715)	\$ 261
Less: Cumulative dividend	(1,057)	(11,147)	10,090
Add: Realized loss on available-for-sale investments	917	21,217	(20,300)
Add: Acquisition-related compensation expense	146,873	255,588	(108,715)
Less: Tax-effect of Acquisition-related compensation expense	(627)	(796)	169
Less: Gain on business combination negative goodwill		(21,122)	21,122
Add: Amortization of intangible assets	1,737	833	904
Less: Tax-effect of amortization of intangible assets	(486)	(233)	(253)
Non-GAAP adjusted net (loss)/income	\$ (6,097)	\$ 90,624	\$ (96,722)

Adjusted net income decreased by \$96.7 million, to a loss of \$6.1 million. The decrease between the periods was primarily due to:

lower Acquisition-related compensation expense of \$108.7 million as a result of the November 2009 vesting of shares under the agreement among principals and trustees and shares granted under equity plans for employees and key personnel; and

offset by a decrease of \$10.1 million in cumulative dividends payable to non-controlling interest holders.

Liquidity and Capital Resources

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, pay compensation, and satisfy other general business requirements. Our primary sources of funds for liquidity consist of cash flows provided by operating activities, primarily the management fees and performance fees paid by the funds and accounts we manage.

We expect that our cash on hand and cash flows from operating activities will satisfy our liquidity needs with respect to debt obligations and operating expenses over the next twelve months. We expect to meet our long-term liquidity requirements, including the repayment of our debt obligations, with net income, if any, and through the issuance of new debt, equity and/or equity-linked securities and incurrence of loans.

On May 15, 2009, we amended our existing term loan and revolving credit facilities. Also on May 15, 2009, we completed a private offering of \$214.0 million aggregate principal amount of dollar denominated convertible subordinated notes due 2014. On June 8, 2009, we completed the sale of an additional \$14.5 million aggregate principal amount of notes increasing the total aggregate amount sold to \$228.5 million. We utilized a portion of the proceeds from the issuance of the convertible notes to purchase term and revolving loans under the credit facilities of \$284.5 million aggregate principal amount at 60% of par. The convertible notes were issued at par at an interest rate of 5.00% per annum. Interest is payable semi-annually in arrears on May 15 and November 15 of each year, beginning November 15, 2009.

As a result of the credit agreement amendment, (i) the two financial covenants in the credit facility (minimum AUM and leverage ratio) were eliminated; (ii) we are required to use 50% of our excess cash flow (as defined in the amended credit agreement) annually to prepay the outstanding senior loans; and (iii) dividend payments to shareholders can only be made after the outstanding principal amount of the term and revolving loans falls below \$200 million.

Subject to restrictions on ownership of common stock, holders may convert their convertible notes into shares of common stock at any time on or prior to the business day immediately preceding the maturity date of the notes. The initial conversion rate for the notes is 268.8172 shares of common stock per \$1,000 initial principle amount of notes (which represents an initial conversion price of approximately \$3.72 per share).

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Due to our changed AUM mix (resulting from a decline in AUM in higher fee paying alternative funds, the addition of the SGAM UK funds and an increase in our managed accounts) our management and administration fees have trended lower. Our performance fees have been affected by high-water marks, and until these funds generate investment returns that overcome the high-water marks, or these funds experience net inflows that carry no high-water marks and/or new funds are launched without high-water marks, our ability to generate performance fees will be limited. We believe that we will be able to continue to scale down our cost infrastructure, if required, in order to maintain positive operating cash flow.

Our ability to execute our business strategy, particularly our ability to form new funds and increase our AUM, depends on our ability to raise additional investor capital within such funds. Decisions by investors to commit capital to the funds and accounts managed by us will depend upon a number of factors including, but not limited to, the financial performance of such funds and accounts, industry and market trends and performance and the relative attractiveness of alternative investment opportunities.

Operating Activities***Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009***

Our net cash used in operating activities was \$47.9 million for the six months ended June 30, 2010 compared to \$89.0 million of cash used by operating activities for the six months ended June 30, 2009. These amounts primarily reflect cash-based fee income, less cash compensation, benefits and non-personnel costs and tax payments and distributions to limited partners. The mismatch in timing between receipt of largely semi-annual performance fee revenues and the annual payment of associated discretionary compensation and limited partner profit share, when combined with the volatility of performance fee revenues can lead to substantial volatility and differences between net income and cash flows from operations.

The \$41.1 million reduction in net cash used in operating activities was primarily attributable to the following:

Management and Administration, Service and Distribution Fees. Management fees and administration, service and distribution fees are largely received monthly and are driven by the average net AUM and fee rates in each fund and managed account. Higher average net AUM resulted in higher year-on-year cash receipts from management and administration, service and distribution fees for an increase of \$27.0 million.

Performance Fees. Performance fees are generally received every six months in the month following crystallization (*i.e.*, 2010 operating cash flows are the result of receipts of June 2010 and December 2009 performance fees). Performance fees contributed a \$30.9 million increase in operating cash flows.

Compensation, benefits and profit share. The most significant component of compensation, benefits and profit share is discretionary compensation and discretionary limited partner profit share paid during the year following the year in which the related business performance is achieved (*i.e.*, 2010 compensation cash flows are largely influenced by discretionary compensation and discretionary limited partner profit share paid in respect of 2009 business performance). Operating cash outflows from compensation, benefits and profit share were \$36.9 million higher.

General, Administrative and Other Expenses. Cash outflow from general, administrative and other expenses were \$11.1 million higher.

Net Interest. Lower net interest payments contributed an increase of \$4.1 million largely driven by an increase in the tenor of the outstanding interest reset period from three to six months.

Foreign exchange gains. Remeasurement of foreign currency bank accounts and other income contributed \$4.4 million to the decrease in operating cash outflows.

Income taxes and cumulative dividend. Payments of income taxes and cumulative dividends were \$11.5 million lower than the comparative period.

Changes in working capital. Changes in unsettled fund payables net of receivables contributed \$8.3 million to the change in operating cash flows.

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Investing Activities

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Our net cash used in investing activities was \$6.8 million for the six months ended June 30, 2010 compared to net cash provided by investing activities of \$42.1 million for the six months ended June 30, 2009.

The majority of the \$48.9 million decrease was primarily driven by the following:

Redemption of available-for-sale securities. The redemption of securities net of securities purchased contributed \$1.9 million during the first half of 2010, as opposed to \$35.7 million during the first half of 2009.

Purchase of trading securities. In the first half of 2010, we purchased securities for \$11.5 million in respect of the 2009 Deferred Compensation Arrangement. There were no corresponding purchases in the first half of 2009.

Transfer from restricted cash. An increase in the amount transferred from restricted cash contributed an increase of \$5.7 million.

Purchases of subsidiaries. We purchased SGAM UK in 2009, and there were no corresponding purchases in 2010. This provided for a decrease in cash of \$7.3 million.

Financing Activities

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Our net cash used by financing activities was \$1.7 million for the six months ended June 30, 2010 compared to \$18.1 million for the six months ended June 30, 2009.

The decrease in net cash used of \$16.4 million was driven by the following:

Share repurchases. During the first half of 2010, we repurchased shares of common stock in the amount of \$1.7 million, compared to repurchases in the first half of 2009 of \$64.5 million.

Loan repayments. During the first half of 2009, we restructured our loan agreements such that we made loan repayments of \$170.7 million. There were no corresponding loan repayments in the first half of 2010.

Issuance of convertible notes. In 2009, we issued \$228.5 million aggregate principal amount of convertible notes. There were no issuances in 2010.

Debt Issuance Costs. In 2009, we incurred \$11.2 million of debt issuance costs. There were no corresponding costs incurred in 2010.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our predominant exposure to market risk is related to our role as investment manager for the GLG Funds and accounts we manage for clients and the impact of movements in the fair value of their underlying investments. Changes in value of assets managed will impact the level of management, administration and performance fee revenues.

The broad range of investment strategies that are employed across the GLG Funds and the managed accounts mean that they are subject to varying degrees and types of market risk. In addition, as the GLG Funds and managed accounts are managed independently of each other and risk is managed at a strategy and fund level, it is unlikely that any market event would impact all GLG Funds and

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managed accounts in the same manner or to the same extent. Moreover, there is no netting of performance fees across funds as these fees are calculated at the fund level.

The management of market risk on behalf of clients, and through the impact on fees to us, is a significant focus for us and we use a variety of risk measurement techniques to identify and manage market risk. Such techniques include Monte Carlo Value at Risk, stress testing, exposure management and sensitivities, and limits are set on these measures to ensure the market risk taken is commensurate with the publicized risk profile of each GLG Fund and in compliance with risk limits.

In order to provide a quantitative indication of the possible impact of market risk factors on our future performance, the following sets forth the potential financial impact of scenarios involving a 10% increase or decrease in the fair value of all investments in the GLG Funds and managed accounts. While these scenarios are for illustrative purposes only and do not reflect our management's expectations regarding future performance of the GLG Funds and managed accounts, they represent hypothetical changes that illustrate the potential impact of such events.

Impact on Management Fees

Our management fees are based on the AUM of the various GLG Funds and accounts that we manage, and, as a result, are impacted by changes in market risk factors. These management fees will be increased or reduced in direct proportion to the impact of changes in market risk factors on AUM in the related GLG Funds and accounts managed by us. A 10% change in the fair values of all of the investments held by the GLG Funds and managed accounts as of June 30, 2010 would impact future net management fees in the following four fiscal quarters by an aggregate of \$24.6 million, assuming that there is no subsequent change to the investments held by the GLG Funds and managed accounts in those four following fiscal quarters.

Impact on Performance Fees

Our performance fees are generally based on a percentage of profits of the various GLG Funds and accounts that we manage, and, as a result, are impacted by changes in market risk factors. Our performance fees will therefore generally increase given an increase in the market value of the investments in the relevant GLG Funds and managed accounts and decrease given a decrease in the market value of the investments in the relevant GLG Funds and managed accounts. However, it should be noted that we are not required to refund historically crystallized performance fees to the GLG Funds and managed accounts. The calculation of the performance fee includes in certain cases performance hurdles and high-water marks, and as a result, the impact on performance fees of a 10% change in the fair values of the investments in the GLG Funds and managed accounts cannot be readily predicted or estimated.

Impact on Administration Fees

Our administration fees are generally based on the AUM of the GLG Funds and managed accounts to which they relate and, as a result, are impacted by changes in market risk factors. Our administration fees will generally increase given an increase in the market value of the investments in the relevant GLG Funds and managed accounts and decrease given a decrease in the market value of the investments in the relevant GLG Funds and managed accounts. A 10% increase/(decrease) in the fair values of all of the investments held by the GLG Funds and managed accounts as of June 30, 2010 would impact future net administration fees in the following four fiscal quarters by an aggregate of \$2.7/(\$2.7) million, respectively, assuming there is no subsequent change to the investments held by the GLG Funds and managed accounts in those four following fiscal quarters.

Market Risk

The GLG Funds and accounts managed by us hold investments that are reported at fair value as of the reporting date. Our AUM is a measure of the estimated fair values of the investments in the GLG Funds and managed accounts. Our AUM will therefore increase (or decrease) in direct proportion to changes in the market value of the total investments across all of the GLG Funds and managed accounts. A 10% change in the fair values of all of the investments held by the GLG Funds and managed accounts as of June 30, 2010 would impact our gross AUM by \$2.5 billion and net AUM by \$2.3 billion as of such date. This change will consequently affect our management fees, performance fees and administration fees as described above.

Exchange Rate Risk

The GLG Funds and the accounts managed by us hold investments that are denominated in foreign currencies. The GLG Funds and the managed accounts may employ currency hedging to help mitigate the risks of currency

fluctuations.

Furthermore, share classes may be issued in the GLG Funds denominated in foreign currencies, whose value against the currency of the underlying investments, or against our reporting currency, may fluctuate. As a result, the calculation of our U.S. dollar AUM based on AUM denominated in foreign currencies is affected by exchange rate movements. In addition, foreign currency movements

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may impact the U.S. dollar value of our management fees, performance fees and administration fees. For example, management fee revenues derived from AUM denominated in a foreign currency will accrue in that currency and their value may increase or decline in U.S. dollar terms if the value of the U.S. dollar changes against that foreign currency.

We utilize derivative instruments in an effort to manage our foreign currency exposures. Management and performance fees that are calculated on share classes denominated in currencies other than U.S. dollars are exposed to changes in the value of the U.S. dollar versus those currencies as they are translated back into U.S. dollars. The majority of our foreign currency exposure related to management and performance fees is to the Euro, with smaller exposures to the British Pound and Japanese Yen. We have elected to utilize cash flow hedge accounting to hedge a portion of our anticipated foreign currency revenue. The effective portion of the hedge is recorded as a component of other comprehensive income and is released into management and performance fee income, respectively, when the hedged revenues impact the income statement. The ineffective portion of the hedge is recorded each period as derivative gain or loss in other income or other expense. We carefully analyze our hedging counterparties and only utilize those with credit ratings of AA or better.

Interest Rate Risk

The GLG Funds and accounts managed by us hold positions in debt obligations and derivatives thereof, some of which accrue interest at variable rates and whose value is impacted by reference to changes in interest rates. Interest rate changes may therefore directly impact the AUM valuation of these GLG Funds and managed accounts, which may affect our management fees and performance fees as described above. Our long-term debt consists of our outstanding revolving and term loan credit facilities and convertible subordinated notes. Interest on outstanding principal amounts under the revolving and term loan credit facilities is currently based on 3-month LIBOR plus the applicable margin of 2.50%, which is reset periodically and the rate is set at 2.84% until August 16, 2010. A 10% change in the 1-month LIBOR would impact our interest expense by approximately \$0.01 million for the 1-month period. The convertible subordinated notes were issued at a fixed rate of 5.00%.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our co-principal executive officers and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on this evaluation, our co-principal executive officers and our principal financial officer concluded that our disclosure controls and procedures were effective.

There have not been any changes in our internal control over financial reporting during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Table of Contents**PART II. OTHER INFORMATION****Item 1. Legal Proceedings**

We are subject to various claims and assessments and regulatory inquiries and investigations in the normal course of our business. While it is not possible at this time to predict the outcome of any legal and regulatory proceedings with certainty and while some investigations, lawsuits, claims or proceedings may be disposed of unfavorably to us, based on our evaluation of matters that are pending or asserted our management believes the disposition of such matters will not have a material adverse effect on our business, financial condition or results of operations. An unfavorable ruling could include money damages or injunctive relief.

Item 1A. Risk Factors

Our business, financial condition and results of operations can be impacted by a number of risk factors, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results. Any of these risks could materially and adversely affect our business, financial condition and results of operations, which in turn could materially and adversely affect the price of our common stock or other securities.

Risks Related to Our Business

Our pending acquisition transaction with Man may cause disruption in our business and, if the pending transaction does not occur, we will have incurred significant expenses and our stock price may decline.

Our pending acquisition transaction with Man is contemplated to be made through two concurrent transactions: the merger of a wholly owned subsidiary of Man with and into us and a share exchange transaction in which certain of our stockholders will exchange their shares of our common stock for the ordinary shares of Man.

On May 17, 2010, we entered into a merger agreement with Man and Merger Sub, pursuant to which (i) Merger Sub will merge with and into us, (ii) the separate corporate existence of Merger Sub will thereupon cease, and (iii) we will be the surviving corporation in the merger and a wholly owned subsidiary of Man. Under the terms of the merger agreement, each issued and outstanding share of our common stock (other than (i) shares owned by us as treasury stock or owned by Man, Merger Sub or certain subsidiaries of ours, all of which will be canceled, (ii) shares held by dissenting stockholders, (iii) restricted shares issued under our stock and incentive plans, and (iv) awards under our stock and incentive plans representing a right to receive shares of our common stock) will be converted into the right to receive \$4.50 in cash, without interest, at which time all such shares of our common stock will no longer be outstanding and will automatically be canceled.

Concurrently with the execution and delivery of the merger agreement, Man and the GLG stockholders party thereto entered into a share exchange agreement, pursuant to which each selling stockholder agreed to exchange, immediately prior to the effective time of the merger, (A) their shares of our common stock, (B) their FA Sub 2 Exchangeable Shares which, together with shares of a class of our preferred stock also held by such persons, are exchangeable into shares of our common stock (after exercising such exchange rights), and (C) any other shares of our capital stock or FA Sub 2 Exchangeable Shares acquired by such selling stockholder after the date of the share exchange agreement (collectively, the Subject Shares) for the ordinary shares of Man at an exchange ratio, effective as of the date of the share exchange agreement of 1.0856 ordinary shares of Man per Subject Share, subject to reduction. Subject Shares will not include (i) any shares of our common stock acquired by a selling stockholder upon conversion of our convertible notes, and (ii) the number of shares of our common stock acquired by each selling stockholder on the open market prior to the date of the share exchange agreement. The exchange ratio may decrease prior to closing subject to the provisions of the share exchange agreement.

The completion of the pending acquisition transaction is subject to certain conditions, including, among others (i) the approval of the merger by our stockholders, including the affirmative vote by the holders of a majority of the outstanding shares of our common stock and preferred stock and the non-waivable affirmative vote by the holders of a majority of the outstanding shares of our common stock (other than shares held by the selling stockholders and their affiliates, Man and its affiliates, us and our affiliates (other than directors on the special committee of our board of directors) and our employees), (ii) the affirmative vote by the holders of a majority of Man's outstanding ordinary shares, (iii) the absence of certain legal impediments to the consummation of the pending merger, (iv) subject to certain materiality exceptions, the accuracy of the representations and warranties made by us, Man, Merger Sub and the selling stockholders, respectively, compliance by us, Man and Merger Sub with our and their respective

obligations under the merger agreement and compliance by Man and the selling stockholders with their respective obligations under the share exchange agreement,

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(v) the transactions contemplated by the share exchange agreement having been consummated and (vi) the non-occurrence of a Company Material Adverse Effect (as defined in the merger agreement) on our Company.

The announcement of the pending acquisition transaction, whether or not consummated, may result in the redemption of investments in the GLG funds and managed accounts, the postponement of investments by new clients or additional investments by existing clients in GLG funds and managed accounts, a loss of key personnel and may disrupt our business and operations, which may have an impact on our financial performance. The merger agreement generally requires us to operate our business in the ordinary course pending consummation of the merger, but includes certain contractual restrictions on the conduct of our business that may affect our ability to execute on our business strategies and attain our financial goals. Additionally, the announcement of the pending acquisition transaction, whether or not consummated, may impact our relationships with third parties.

We cannot predict whether the closing conditions for the pending acquisition transaction set forth in the merger agreement and the share exchange agreement will be satisfied. As a result, there can be no assurance that the pending acquisition transaction will be completed. If the closing conditions for the pending acquisition transaction set forth in the merger agreement and the share exchange agreement are not satisfied or waived pursuant to the merger agreement and the share exchange agreement, respectively, or if the pending acquisition transaction is not completed for any other reason, the market price of our common stock may decline. In addition, if the pending acquisition transaction does not occur, we will nonetheless remain liable for significant expenses that we have incurred related to the acquisition transaction. These matters, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and stock price.

We are subject to litigation related to the proposed acquisition transaction with Man.

A purported class action civil suit was filed in the Delaware Court of Chancery against us, our board of directors and Man. Two purported class action civil suits were filed in New York Supreme Court against us, our board of directors and Man. The complaints purport to assert claims on behalf of the company's stockholders relating to the proposed acquisition transaction. No specific claim is made against the Company, although it is named as a defendant in each of the civil suits.

If the plaintiffs ultimately prevail in these lawsuits or any other lawsuits that may be filed in connection with the proposed acquisition transaction, our insurance coverage may not cover our total liabilities and expenses associated with the lawsuits, as we have deductibles on certain aspects of the coverage. In addition, subject to certain limitations, we are obligated to indemnify our current and former directors, officers and employees in connection with their exercise of fiduciary duties in relation to the evaluation and execution of the proposed acquisition transaction.

Any conclusion of these lawsuits in a manner adverse to us could have a material adverse effect on our business, results of operation, financial condition and cash flows. In addition, the cost to us of defending these lawsuits, even if resolved in our favor, could be substantial. These lawsuits could also result in a diversion of management and employee attention and resources, all of which could materially and adversely affect our business and results of operations.

Difficult market conditions, market disruptions and volatility have adversely affected and may in the future continue to adversely affect our business in many ways, each of which could materially reduce our revenue and cash flow and adversely affect our business, results of operations or financial condition.

Our business is materially affected by conditions in the global financial markets and economic conditions throughout the world that are outside our control, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation, regulation of hedge funds and trading in securities), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). Global credit and other financial markets recently suffered and may in the future suffer substantial stress, volatility, illiquidity and disruption. Loss of investor confidence in the financial system or our sector, a lack of liquidity, decline in asset values, the instability of financial institutions and volatile commodity prices and foreign exchange rates could contribute to recessionary economic conditions globally and deterioration in consumer and corporate confidence, further exacerbating the overall market disruptions and risks to market participants, including the GLG Funds and managed accounts. These market conditions may affect the level and volatility of securities prices and the liquidity and the value of investments in the

GLG Funds and managed accounts. We may also be adversely affected by fixed costs and the possibility that we would be unable to or may choose not to scale back other costs within a time frame sufficient to match any decreases in revenue.

Our revenues from management and administration fees depend on our AUM and our revenues from performance fees depend upon positive performance in excess of high water marks or benchmarks. If these market conditions recur, they may impact our

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ability to consistently generate non-volatile investment performance, retain AUM, and attract new AUM, and may result in higher levels of redemptions from the GLG Funds and managed accounts.

Our revenue, net income and cash flow are dependent upon performance fees, which may make it difficult for us to achieve steady earnings growth on a semi-annual basis.

Our revenue, net income and cash flow are all highly variable, primarily due to the fact that performance fees can vary significantly from period to period, in part, because performance fees are recognized as revenue only when contractually payable, or crystallized, from the GLG Funds and managed accounts to which they relate, generally on June 30 and December 31 of each year for the majority of the GLG Funds. Such variability may lead to volatility in the trading price of our common stock and cause our results for a particular period not to be indicative of our performance in a future period. It may be difficult for us to achieve steady growth in net income and cash flow on a semi-annual basis, which could in turn lead to large adverse movements in the price of our common stock or increased volatility in our stock price generally.

Performance fees have historically comprised a substantial portion of our revenues. Our revenue, net income and cash flow are dependent upon performance fees which require positive investment performance in excess of high water marks or benchmarks. With a few exceptions, the GLG Funds and managed accounts have high water marks, and/or benchmarks whereby performance fees are earned only to the extent that the net asset value of a GLG Fund (on a share by share basis) or managed account at the end of a semi-annual period exceeds the highest net asset value on the last date on which a performance fee was earned or to the extent performance exceeds agreed upon benchmarks over the relevant measurement period. To the extent any of the GLG Funds and managed accounts generate negative investment performance or generate positive performance less than the applicable high water mark or benchmark, we would not earn performance fees for that GLG Fund or managed account until the high water mark is re-achieved or the benchmark exceeded. Certain of the GLG Funds and managed accounts also have LIBOR hurdles whereby performance fees are not earned during a particular period until the returns of such funds surpass the LIBOR rate. If we do not generate positive investment performance sufficient to earn performance fees, our revenues and net income will be lower and our business, results of operations and financial condition could be materially adversely affected. Failure to generate performance fees could materially adversely affect our business, results of operations and financial condition.

In order to retain our investment professionals during periods of poor performance, we may have to pay our investment professionals a significant amount, even if we earn low or no performance fees, which could have an adverse impact on our business, results of operations or financial condition.

Competition for investment professionals in the asset management industry is intense. We have set compensation at levels that we believe are competitive against compensation offered by other asset managers and leading investment banks against whom we compete for senior management and other key personnel, principally those located in London, while taking into account the performance of the GLG Funds and managed accounts. We believe these forms of remuneration are important to align the interests of our senior management and key personnel with those of investors in the GLG Funds and managed accounts and our shareholders. However, even if we earn low or no performance fees, in particular, following periods of strong investment performance that fail to generate performance fees, we may be required to pay significant compensation and limited partner profit share to retain our key personnel, or to attract investment management personnel to assume responsibility for strategies or products that are well below their high water marks. In these circumstances, these amounts may represent a greater percentage of our revenues than they have historically.

We pay a substantial portion of our compensation expense in the form of annual bonuses and limited partner profit share, which are variable and discretionary. Typically, the performance fees we earn fund a significant amount of the bonuses and limited partner profit share that we pay. In periods where we earn little or no performance fees, our ability to pay cash bonuses and limited partner profit share will be reduced. This may affect our ability to retain and attract investment professionals and other key personnel.

Investors in the GLG Funds and investors with managed accounts can generally redeem investments with only short periods of notice, which could make it more difficult to manage the liquidity levels of the GLG Funds and managed accounts, reduce AUM and adversely affect our revenues.

Investors in the GLG Funds and investors with managed accounts may generally redeem their investments with only short periods of notice. Investors may reduce all or any portion of their investments, or transfer their investments to other asset managers, for any number of reasons, including poor investment performance, fee rates, changes in investment management personnel, actual or perceived reputational risk, a reduction of investments in certain asset classes by investors, for reasons not connected with performance or the asset manager, or for no reason. The redemption of investments in the GLG Funds or in managed accounts could adversely affect our revenues, especially management and administration fees which are substantially dependent upon the AUM in the

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GLG Funds and managed accounts. A decline in revenues due to redemptions could have a material adverse effect on our business, results of operations or financial condition.

Increased rates of redemptions could make it difficult to manage the liquidity levels of the GLG Funds and managed accounts, reduce AUM and adversely affect our revenues.

If the level of redemption activity increases to above normal levels, it could become more difficult to manage the liquidity requirements of the GLG Funds, making it more difficult or more costly for the GLG Funds to liquidate positions rapidly to meet margin calls, redemption requests or otherwise. This could result in the GLG Funds being forced to sell investments at distressed prices and/or to exercise their rights to restrict redemptions in order to manage liquidity. These difficulties may be exacerbated during periods of increased market disruptions, when asset managers, including the GLG Funds, are forced to liquidate to meet liquidity requirements, which could further contribute to market disruptions. In addition to the impact on AUM, the illiquidity and volatility of the global financial markets may negatively affect our ability to manage inflows and outflows from the GLG Funds. Our ability to attract new capital to existing GLG Funds and managed accounts or to prevent redemptions in the GLG Funds or managed accounts, or to develop investment platforms may be limited during periods of increased redemption activity. Under the terms of the prospectuses for the GLG Funds, the respective boards of directors of the GLG Funds have the right to restrict redemptions from the GLG Funds for certain periods in the event of exceptional circumstances. We have recommended and may in the future recommend that the boards of directors of certain of the GLG Funds exercise the available rights to restrict redemptions. The exercise of these rights may have an adverse effect on the ability of the GLG Funds to attract additional AUM. Although redemptions have returned to more normal levels, there can be no assurance that market disruptions or other economic conditions which would cause increased rates of redemption may not recur.

Fluctuations in currency exchange rates could materially affect our business, results of operations and financial condition.

We use U.S. dollars as our reporting currency. Our clients invest in GLG Funds and managed accounts in different currencies, including Pounds Sterling and Euros. To the extent that our fee revenues are based on AUM denominated in such foreign currencies, our reported fee revenues may be significantly affected by the exchange rate of the U.S. dollar against these currencies. Typically, an increase in the exchange rate between U.S. dollars and these currencies will reduce the impact of revenues denominated in these currencies in our financial statements. For example, management fee revenues derived from each Euro of AUM denominated in Euros will decline in U.S. dollar terms if the value of the U.S. dollar appreciates against the Euro. In addition, the calculation of the amount of our AUM is affected by exchange rate movements as AUM denominated in currencies other than the U.S. dollar are converted to U.S. dollars. We also incur a significant portion of our expenditures in currencies other than U.S. dollars. As a result, our business is subject to the effects of exchange rate fluctuations with respect to any currency conversions. Our failure to hedge these risks correctly, the cost of such hedging and/or our decision not to hedge could negatively impact our business, results of operations and financial condition.

We are dependent on the continued services of our Principals and other key personnel. The loss of key personnel could have a material adverse effect on us.

Our Principals and other key personnel have contributed to the growth and success of our business. We are dependent on the continued services of Messrs. Gottesman, Roman and Lagrange and other key personnel for our future success. The loss of any Principal or other key personnel may have a significant effect on our business, results of operations or financial condition.

The market for experienced asset management professionals is extremely competitive and can be characterized by frequent movement of personnel among firms. Due to the competitive market for asset management professionals and the success achieved by some of our key personnel, the costs to attract and retain key personnel are significant and could increase over time. In particular, if we lose any of our Principals or other key personnel, there is a risk that we may also experience outflows from AUM or fail to obtain new business. The inability to attract or retain the necessary highly skilled key personnel could have a material adverse effect on our business, results of operations or financial condition.

The cost of compliance with international employment, labor, benefits and tax regulations may adversely increase our costs, affect our revenue and impede our ability to expand internationally.

Since we operate our business internationally, we are subject to many different employment, labor, benefit and tax laws in each country in which we operate, including laws and regulations affecting employment practices and our relations with the Principals and some of our key personnel who participate in the limited partner profit share arrangement. If we are required to comply with new

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regulations or new or different interpretations of existing regulations, or if we are unable to comply with these regulations or interpretations, our business could be adversely affected, or the cost of compliance may make it difficult to expand into new international markets, or we may be liable for additional costs, such as social security or social insurance, which may be substantial. Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of services from local businesses or that favor or require local ownership.

If we experience rapid growth, whether through attracting new investments, acquiring other asset management businesses, expanding our client and product bases or otherwise, it may place significant demands on our administrative, operational and financial resources and increase our exposure to liability.

Rapid growth may cause significant demands on our legal, accounting, technology, compliance, risk management and operational infrastructure and increased expenses. The complexity of these demands, and the expense required to address them, may be a function not only of the amount by which our AUM have grown, but of significant differences in the investing strategies of our different funds. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing sophistication of the investment management market and legal, accounting, operational and regulatory developments. Our future growth depends, among other things, on our ability to maintain an operating platform and management system sufficient to address our growth and requires us to incur significant additional expenses and commit additional senior management and operational resources. As a result, we face significant challenges:

in maintaining adequate financial, business and risk management controls;

in implementing new or updated information and financial systems and procedures; and

in training, managing and appropriately sizing our work force and other components of our business on a timely and cost-effective basis.

We have and may continue to grow through the acquisition of other asset management businesses and the addition of portfolio managers. For example, in April 2009, we completed the acquisition of SGAM UK, Société Générale's UK long-only asset management business, and in March 2009 and April 2010, we became investment managers of the funds and accounts previously managed by Pendragon Capital and Tisbury Capital, respectively, whose founders joined us as portfolio managers. Integrating these new portfolio managers and their teams, operations, funds and accounts may be expensive, time-consuming and a further strain on our resources and may not be successful. The diversion of management's attention and any delays or difficulties encountered in connection with these acquisitions and the integration of these portfolio managers, operations, funds and accounts may have an adverse effect on our business, results of operations or financial condition.

In addition, we are expanding our product and client base to include investments from pension and retirement funds and retail investors, as well as expanding our Undertakings for Collective Investments (UCITs) business, which may be subject to higher standards of care than for our alternative strategies fund or managed account clients and products. As the AUM from these clients and products increase, we may be subject to significant liabilities resulting from breaches of those standards, which may not be fully covered by insurance.

There can be no assurance that we will be able to manage our growth, acquisitions or expanding operations effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

There can be no assurance that our expansion into the United States or other markets will be successful.

While we are currently in the process of developing distribution capability in the United States, the Middle East and Asia, expanding our operations into the United States or other markets requires significant expenditures, and will be difficult due to a number of factors, including the fact that several of these markets are well-developed, with established competitors and different regulatory regimes. Our failure to continue to grow our revenues (whether or not as a result of a failure to increase AUM), expand our business or control our cost base could have a material adverse effect on our business, results of operations or financial condition.

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Damage to our reputation, including as a result of personnel misconduct, failure to manage inside information, fraud, restricting redemptions from certain GLG Funds or side-pocketing illiquid investments, could have a material adverse effect on our business.

Our reputation is one of our most important assets. Our relationships with individual and institutional investors and other significant market participants are very important to our business. Any deterioration in our reputation held by one or more of these market participants could lead to a loss of business or a failure to win new fund mandates. For example, we are exposed to the risk that litigation, regulatory action, misconduct, operational failures, negative publicity or press speculation, whether or not valid, could harm our reputation. Factors that could adversely affect our reputation include but are not limited to:

fraud, misconduct or improper practice by any of our personnel, including failure to comply with applicable regulations or non-adherence by a portfolio manager to the investment guidelines applicable regulations, or non-adherence to the investment guidelines to each GLG Fund and managed accounts or to properly handle client money. Such actions can be particularly detrimental in the provision of financial services and could involve, for example, fraudulent transactions entered into for a client's account, diversion of funds, the intentional or inadvertent release of confidential information or failure to follow internal procedures. Such actions could expose us to financial losses resulting from the need to reimburse customers or other business partners or as a result of fines or other regulatory sanctions, and may significantly damage our reputation;

failure to manage inside information. We frequently trade in multiple securities of the same issuer. In the course of transactions involving these securities, we may receive inside information in relation to certain issuers. If we do not sufficiently control the use of this inside information or any other inside information we receive, we and/or our employees could be subject to investigation and criminal or civil liability;

failure to manage conflicts of interest. As we have expanded the scope of our business and client base, we have been increasingly exposed to potential conflicts of interest. If we fail, or appear to fail, to deal appropriately with conflicts of interest, we could face significant damage to our reputation, litigation or regulatory proceedings or penalties;

restricting redemptions from certain GLG Funds. The GLG Funds have the right to restrict redemptions from the GLG Funds for certain periods in the event of exceptional circumstances. The exercise of these rights to restrict redemptions may be perceived as a weakness and fund investors may suffer a reduced ability to withdraw their original investments in the affected GLG Funds, resulting in significant reputational damage and could lead to a reduction in investments in the GLG Funds and hinder our ability to attract new investments. In addition, it may prompt fund investors to redeem their existing investments in other GLG Funds that have not elected to exercise these rights;

side-pocketing illiquid investments, including claims to recover assets, cash or receivables from LBIE. Certain GLG Funds have and may in the future side-pocket certain private placement and other not readily realizable investments into separate special asset vehicles, providing investors with illiquid interests in the new special asset vehicles in lieu of returning their invested capital. As fund investors suffer a reduced ability to withdraw their original investments from the GLG Funds due to this side pocketing, our reputation may be subject to substantial damage. This reputational harm may hinder our ability to obtain new investments and may prompt investors to redeem their existing investments in other GLG Funds or managed accounts; and

allegations or claims relating to any of the foregoing or other factors even if they are ultimately disproved, dismissed or withdrawn.

Damage to our reputation as a result of these or other factors could have a material adverse effect on our business, results of operations or financial condition.

We are subject to substantial litigation and regulatory enforcement risks, and we may face significant liabilities and damage to our professional reputation as a result of litigation allegations or regulatory investigations and the attendant negative publicity.

We may be subject to regulatory investigation or enforcement action or a change in regulation in the jurisdictions in which we operate. The investment decisions we make in our asset management business subject us to the risk of regulatory investigations and enforcement actions in connection with our investment activities, as well as third-party litigation arising from investor dissatisfaction with the performance of those investment funds and a variety of other litigation claims. In general, we are exposed to the risk of actual or threatened litigation by GLG Fund investors if a GLG Fund suffers losses resulting from the negligence, willful default, bad faith or fraud of the manager or the service providers to whom the manager has delegated responsibility for the performance of its duties. We have in the past been, and we may in the future be, the subject of investigations and enforcement actions by regulatory authorities resulting in fines and other penalties, which may be harmful to our reputation, as well as our business, results of operations or financial condition.

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As a result of regulatory actions, increased litigation in the financial services industry or other reasons, we could be subject to civil liability, criminal liability or sanctions (including revocation of the licenses of our employees or limited partners), censures fines, or temporary suspension or permanent bar from conducting business. Regulatory proceedings could also result in adverse publicity or negative perceptions regarding our business and divert management's attention from the day-to-day management of our business. Any regulatory investigations, proceedings, consequent liabilities or sanctions could have a material adverse effect on our business, results of operations or financial condition.

In addition, we are exposed to risks of litigation or investigation relating to transactions which present conflicts of interest that are not properly addressed. In such actions, we would be obligated to bear legal, settlement and other costs (which may be in excess of available insurance coverage). Although we have rights to be indemnified by the GLG Funds in certain situations, our rights to indemnification may be challenged. If we are required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from the GLG Funds, our results of operations, financial condition and liquidity would be materially adversely affected. Each of the GLG Funds is structured as a limited liability company, incorporated in the Cayman Islands, Ireland or Luxembourg. The laws of these jurisdictions, particularly with respect to shareholders rights, partner rights and bankruptcy, differ from the laws of the United States and could change, possibly to the detriment of the GLG Funds and us.

Operational risks may disrupt our business, result in losses or limit our growth.

We rely heavily on our financial, accounting, risk management, compliance and other data processing systems. If any of these systems do not operate properly or are disabled, we could suffer financial loss, a disruption of our business, liability to the GLG Funds, regulatory intervention or reputational damage.

In addition, we operate in a business that is highly dependent on information systems and technology. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on us.

Furthermore, we depend on our office in London, where most of our personnel are located, for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct our business, or directly affecting our offices, London in particular, could have a material adverse impact on our ability to continue to operate our business without interruption. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

Through outsourcing arrangements, we and the GLG Funds rely on third-party administrators and other providers of middle-and back-office support and development functions, such as prime brokers, custodians, market data providers and certain risk management, compliance, portfolio and management and telecommunications system providers. Any interruption in our ability to rely on the services of these third parties or deterioration in their performance could impair the quality (including the timing) of our services. Furthermore, if the contracts with any of these third-party providers are terminated, we may not find alternative outsource service providers on a timely basis or on equivalent terms. The occurrence of any of these events could have a material adverse effect on our business, results of operations or financial condition.

Our business may suffer as a result of loss of business from key private and institutional investors.

We generate a significant proportion of our revenue from a small number of our top clients. As of June 30, 2010, the assets of our top individual client accounted for approximately 4% of our net AUM. As of June 30, 2010, our largest institutional investor account represented approximately 11% of our net AUM, with the top ten accounts collectively representing approximately 50% of our net AUM. The loss of all or a substantial portion of the business provided by one or more of these clients would have a material impact on the income we derive from management and performance fees and consequently have a material adverse effect on our business, results of operations or financial condition.

We are subject to intense competition and could lose business to our competitors.

The asset management industry is extremely competitive. Competition includes numerous national, regional and local asset management firms and broker-dealers, commercial bank and thrift institutions, and other financial institutions. Many of these

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organizations offer products and services that are similar to, or compete with, those offered by us and have substantially more personnel and greater financial resources than we do. Our key areas for competition include historical investment performance, our ability to source investment opportunities, our ability to attract and retain the best investment professionals, quality of service, the level of fees generated or earned by our managers and our investment managers' stated investment strategy. We also compete for investment assets with banks, insurance companies and investment companies. Our ability to compete may be adversely affected if we underperform in comparison to relevant benchmarks or peer groups.

The competitive market environment may result in increased pressure on revenue margins (e.g., by the provision of management and other fee rebates). Our profit margins and earnings are dependent in part on our ability to maintain current fee levels for the products and services that we offer. In the current environment, many competitor asset managers have experienced substantial declines in investment performance, increased redemptions, or counterparty exposures which impair their businesses. Some of these asset managers have reduced their fees in an attempt to avoid additional redemptions. Competition within the alternative asset management industry could lead to pressure on us to reduce the fees that we charge our clients for products and services. A failure to compete effectively in this environment may result in the loss of existing clients and business, and of opportunities to capture new business, each of which could have a material adverse effect on our business, results of operations or financial condition.

Furthermore, consolidation in the asset management industry may accelerate, as many asset managers are unable to withstand the substantial declines in investment performance, increased redemptions, and other pressures impacting their businesses, including increased regulatory, compliance and control requirements. Some of our competitors may acquire or combine with other competitors. The combined business may have greater resources than we do and may be able to compete more effectively against us and acquire rapidly significant market share.

Certain of our investment management and advisory agreements are subject to termination on short notice.

Institutional and individual clients, and firms and agencies with which we have strategic alliances, can terminate their relationships with us for various reasons, including unsatisfactory investment performance, interest rate changes and financial market performance, or no reason. Termination of these relationships could have a material adverse effect on our business, results of operations and financial condition. Each of the GLG Funds has appointed either GLG Partners (Cayman) Limited (in the case of Cayman Islands funds and the Luxembourg fund) or GLG Partners Asset Management (in the case of the Irish funds) as the manager under the terms of a management agreement, which is terminable on 30 days' written notice by either party (i.e., the fund or the manager). The articles of association of each GLG Fund provide that the fund cannot terminate the management agreement unless holders of not less than 50% of the outstanding issued share capital have previously voted in favor of the termination at a general meeting of the fund. For each GLG Fund, the manager has appointed GLG Partners LP as investment manager under the terms of an investment management agreement, which is terminable on 30 days' written notice by either party (i.e., the manager or the investment manager).

The historical returns attributable to the GLG Funds may not be indicative of our future results or of any returns expected on an investment in our common stock.

The historical and potential future returns of the GLG Funds are not directly linked to returns on our capital. Therefore, continued positive performance of the GLG Funds may not necessarily result in positive returns on an investment in our common stock. However, poor performance of the GLG Funds would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the returns on an investment in our common stock.

Our insurance arrangements may not be adequate to protect us.

Our business entails the risk of liability related to litigation from clients or third-party vendors and actions taken by regulatory agencies. There can be no assurance that a claim or claims will be covered by insurance or, if covered, will not exceed the limits of available insurance coverage, or that any insurer will remain solvent and will meet its obligations to provide us with coverage or that insurance coverage will continue to be available with sufficient limits at a reasonable cost. Renewals of insurance policies may expose us to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. The future costs of maintaining insurance or meeting liabilities not covered by insurance could have a material adverse effect on our business, results of operations or

financial condition.

We have incurred a substantial amount of indebtedness to finance our business, which exposes us to substantial risks and limitations, including repayment and refinancing risk, interest rate risk, limitations on our ability to fund general corporate

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We have used a significant amount of borrowings to finance our business operations as a public company, including for the provision of working capital, warrant and share repurchases, making minimum tax distributions and limited partner profit share distributions, acquisition financing and general business purposes. As of June 30, 2010, we had an aggregate of \$514.0 million of indebtedness outstanding, including \$55.5 million held by affiliates of ours. This indebtedness consists of floating rate revolving and term loans with an aggregate principal amount outstanding of \$285.5 million and fixed rate convertible notes with an aggregate principal amount outstanding of \$228.5 million. When these term loan facilities begin to amortize principal in May 2011 and notes mature on May 15, 2014, we will be required to refinance them by entering into new credit facilities or issuing debt securities, which could result in higher borrowing costs, or issuing equity, which would dilute existing stockholders. We could also repay some or all of the loan facilities and notes by using cash on hand or cash from the sale of our assets, provided that sufficient cash and/or assets are available for such purposes. No assurance can be given that we will be able to enter into new credit facilities or issue debt or equity securities in the future on attractive terms, or at all, or that we will have sufficient cash on hand to repay the revolving credit and term loan facilities and notes. In addition, our interest expense on the floating rate debt is subject to fluctuation, which may adversely affect our earnings and liquidity.

As a result of the substantial fixed costs associated with these debt obligations, we expect that:

a decrease in revenues will result in a disproportionately greater percentage decrease in earnings;

we may not have sufficient liquidity to fund all of these fixed costs if our revenues decline or costs increase;

we may have to use our working capital to fund these fixed costs instead of funding general corporate requirements, including compensation, benefits and profit share; and

we may not have sufficient liquidity to respond to business opportunities, competitive developments and adverse economic conditions.

These debt obligations may also impair our ability to obtain additional financing, if needed, and our flexibility in the conduct of our business. Moreover, the terms of our indebtedness restrict our ability to take certain actions, including the incurrence of additional indebtedness, mergers and acquisitions, investments at the parent company level and asset sales. Our ability to pay the fixed costs associated with our debt obligations depends on our operating performance and cash flow, which will in turn depend on general economic conditions. A failure to pay interest or indebtedness when due could result in a variety of adverse consequences, including the acceleration of our indebtedness. In such a situation, it is unlikely that we would be able to fulfill our obligations under the indebtedness, including repayment upon acceleration, or otherwise cover our fixed costs.

If we were deemed an investment company under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

A person will generally be deemed to be an investment company for purposes of the Investment Company Act, if: it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or

absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are engaged primarily in the business of providing asset management and financial advisory services and not in the business of investing, reinvesting or trading in securities. We also believe that the primary source of income from our business will be properly characterized as income earned in exchange for the provision of services. We are an asset management and financial advisory firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that we are an orthodox

investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. Further, we have no material assets other than our equity interests in our subsidiaries, which in turn have no material assets, other than equity interests in other subsidiaries and inter-company debt. We do not believe our equity interests in our subsidiaries or the equity interests of these subsidiaries in our subsidiaries are investment securities. Moreover, because

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we believe that the subscriber shares in certain GLG Funds are neither securities nor investment securities, we believe that less than 40% of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis are comprised of assets that could be considered investment securities. Accordingly, we do not believe that we are an inadvertent investment company by virtue of the 40% test in Section 3(a)(1)(C) of the Investment Company Act as described in the second bullet point above.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit prohibited transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. We intend to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. If anything were to happen which would cause us to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on our capital structure, ability to transact business with affiliates (including our subsidiaries) and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among us, our subsidiaries and our senior managing directors, or any combination thereof, and materially adversely affect our business, financial condition and results of operations. In addition, we may be required to limit the amount of investments that we make as a principal or otherwise conduct our business in a manner that does not subject us to the registration and other requirements of the Investment Company Act.

In early 2009, legislation was proposed in the U.S. that would subject hedge funds and private investment funds to increased SEC regulation and oversight by removing the exceptions from the definition of investment company typically relied upon by hedge funds to avoid any of the requirements of the Investment Company Act and instead replacing them with exemptions from certain of the requirements of the Investment Company Act. As a result, these hedge funds and private investment funds would be investment companies for purposes of the Investment Company Act. The proposed legislation would have required that hedge funds or private investment funds that are investment companies with at least \$50 million in assets or AUM must meet certain additional conditions in order to maintain the exemption under the Investment Company Act, including registration, reporting and other requirements.

No further action was taken on this proposed legislation and no similar provisions were included in the Dodd-Frank Wall Street Reform and Consumer Protection Act that was enacted in July 2010. Nevertheless, it is possible that parts of the legislation, or similar legislation, could be proposed and enacted in the future in the United States. Should this or similar legislation be enacted, the GLG Funds may become subject to these additional registration, reporting and other requirements. As a result, our compliance costs and burdens may increase and the additional restrictions and requirements may constrain our ability to conduct our business as currently conducted, which may adversely affect our business, results of operations or financial condition.

We and the GLG Funds may become subject to additional regulations which could increase the costs and burdens of compliance or impose additional restrictions which could have a material adverse effect on our business and the performance of the GLG Funds and managed accounts.

We may need to modify our strategies, businesses or operations, face increased constraints or incur additional costs in order to satisfy new regulatory requirements or to compete in a changed business environment.

Our business is subject to regulation by various regulatory authorities that are charged with protecting the interests of our customers. The activities of the Company and certain subsidiaries are regulated primarily by the Financial Services Authority (FSA) in the United Kingdom and by the Securities and Exchange Commission (SEC) in the United States. In addition, our business is subject to regulation in the various other jurisdictions in which it operates, including the Irish Financial Services Regulatory Authority (IFSRA), the Cayman Islands Monetary Authority (CIMA) and the Commission de Surveillance du Secteur Financier in Luxembourg and we are also subject to regulation in Switzerland, Dubai, Hong Kong and China as the result of expansion in those jurisdictions. In addition, the GLG Funds are subject to regulation in the jurisdictions in which they are organized, and may be subject to regulation in the jurisdictions in which their investors are resident. These and other regulators in these jurisdictions have broad regulatory powers dealing with all aspects of financial services including, among other things, the authority to make inquiries of companies regarding compliance with applicable regulations, to grant and in specific

circumstances to vary or cancel permits and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. We are also subject to applicable anti-money laundering regulations and net worth requirements in the jurisdictions in which we operate.

In addition, the regulatory environment in which we operate frequently changes and has seen significant increased regulation in recent years. We may be materially adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations.

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In 2009, the European Commission submitted a proposal for a Directive on Alternative Investment Fund Managers (AIFMs) to the European Council and the European Parliament. The proposed Directive will apply to all managers located in Europe whose regular business is to manage non-UCITS funds (AIFs) (irrespective of where the AIF is located or its legal structure) and would, if enacted regulate the activities of such managers and, indirectly, the structure, strategies and operations of all AIFs. Any entities not authorized under the proposed Directive (or exempt from it) would, if enacted be prohibited from acting as the manager of any AIF located in Europe, or marketing the shares of any AIF (wherever located) in Europe unless done in accordance with the local law of any member state. Once authorized, however, the relevant AIFM would, if enacted be able to market its funds throughout Europe to professional investors. As well as requiring each AIFM to seek authorization, the proposed Directive would, if enacted also have an impact on: capital requirements; conduct of business obligations (including around conflicts of interest, risk management, liquidity management and investment in securitized loans); organizational obligations (including in respect of valuations, depositaries and delegations); and also includes obligations specific to leveraged AIFs and AIFs which acquire a controlling influence in companies. Amendments to the proposed Directive are currently being discussed at the European level and its final form is not yet clear. If enacted in something approaching its current form, however, the regulatory burden upon the authorized firms will increase, and the way in which they conduct their business is likely to need to change. These may adversely affect our business, results of operation or financial condition.

In July 2010, the U.S. enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act which requires a registered investment adviser to a hedge fund or private equity fund to maintain much more detailed records concerning the fund than had previously been required, and to report the information to the SEC. In addition, under the new law, regulators can designate various financial companies, which could include hedge funds, private equity funds and their investment advisers, as systemically important, resulting in such financial companies being subject to enhanced supervision and prudential standards, and could restrict such companies' activities and investments, including, among other things, requiring minimum capital and liquidity requirements, restricting leverage, requiring concentration limits and restricting certain types of trading activity. The new law also includes other provisions affecting hedge funds, private equity funds and their investment advisers, including monthly reporting of short sales and clearing and regulation of derivatives trades, which could increase compliance costs and the cost of GLG Funds derivatives trades. Much of the new law's requirements are subject to final rulemaking by the SEC and other regulators. Depending on the scope of such rules, we and the GLG Funds could become subject to significantly increased compliance burdens, and if we or any GLG Funds are designated as systemically important, we and the GLG Funds could become potentially subject to restrictions that could severely restrict our ability and the ability of the GLG Funds to conduct our business as currently conducted, which may adversely affect our business, results of operation or financial condition.

Table of Contents**Risks Related to the GLG Funds**

We currently derive our revenues from management fees and administration fees based on the value of the assets under management in the GLG Funds and the accounts managed by us, and performance fees based on the performance of the GLG Funds and the accounts managed by us. Our stockholders are not investors in the GLG Funds and the accounts managed by us, but rather stockholders of an asset manager. Our revenues could be adversely affected by many factors that could reduce assets under management or negatively impact the performance of the GLG Funds and accounts managed by us.

Valuation methodologies for certain assets in the GLG Funds can be subject to significant subjectivity.

In calculating the net asset values of the GLG Funds, administrators of the GLG Funds may rely on methodologies for calculating the value of assets in which the GLG Funds invest that we or other third parties supply. Such methodologies are advisory only but are not verified in advance by us or any third party, and the nature of some of the funds' investments are such that the methodologies may be subject to significant subjectivity and little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles. Any allegation or finding that such methodologies are or have become, in whole or in part, incorrect or misleading could have an adverse effect on the valuation of the relevant GLG Funds and, accordingly, on the management fees and any performance fees receivable by us in respect of such funds.

The GLG Funds and managed accounts are subject to investment risks related to their specific investment strategies.

Certain GLG Funds and managed accounts pursue investment strategies that may expose them to particular investment risks which may make their investment objectives more difficult to achieve and their investment performance more volatile. In addition to risks resulting from the investment strategies themselves, investor risk aversion to certain investment strategies and/or markets can have a significant adverse effect on the value and/or liquidity of investments made pursuant to such strategies or exposed to such markets and can accentuate any downward movement in the actual or anticipated value of such investments.

For example, the GLG Funds and managed accounts that invest in sovereign debt issues by emerging market countries as well as in debt and equity investments of companies and other entities in emerging markets are subject to unique risks related to the relative economic, political and financial instability of many of these emerging markets. GLG Funds that invest a portion of their assets in the equity, debt, loans or other securities of foreign countries and issuers located outside of the United States and the United Kingdom are exposed to foreign exchange, political, social and economic uncertainties and risks. GLG Funds may also invest in high yield and distressed debt which subject them to abrupt and erratic market movements, price volatility and delayed realization of value. Full information as to the condition of distressed or financially troubled obligors and issuers the GLG Funds invest in may be difficult to obtain. In addition, some of the investments held by the GLG Funds may not be widely traded, and depending on the investment profile of a particular GLG Fund, that fund's exposure to such investments may be substantial in relation to the market for those investments.

While the GLG Funds will take their unique risks into consideration in making investment decisions, including when hedging positions, no assurance can be given that the GLG Funds will be able to fully avoid these risks or generate sufficient risk-adjusted returns. Often, we seek to take advantage of market imperfections to achieve investment performance for the GLG Funds and managed accounts, but we cannot guarantee that we will be able to do so in the future. A failure to do so could have a material adverse effect on our business, revenues, results of operations and/or financial condition.

The GLG Funds are subject to risks due to potential illiquidity of assets.

The GLG Funds may make investments or hold trading positions in markets that are volatile and which may become illiquid. Timely divestiture or sale of trading positions can be impaired for many reasons, including decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer positions in highly specialized or structured transactions to which it may be a party, and changes in industry and government regulations. It may be impossible or costly for the GLG Funds to liquidate positions rapidly in order to meet margin calls, redemption requests or otherwise, particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or

daily price movement limits on the market or otherwise. For example, if one of these funds of hedge funds were to invest a significant portion of its assets in two or more hedge funds that each had illiquid positions in the same issuer, the illiquidity risk for these funds of hedge funds would be compounded.

Table of Contents***There are risks associated with the GLG Funds' use of leverage.***

The GLG Funds have, and may in the future, use leverage by borrowing on the account of funds on a secured and/or unsecured basis and pursuant to repurchase arrangements and/or deferred purchase agreements. Leverage can also be employed in a variety of other ways including margining (that is, an amount of cash or securities an investor deposits with a broker when borrowing to buy investments) and the use of futures, warrants, options and other derivative products. Generally, leverage is used with the intention of increasing the overall level of investment in a fund. Higher investment levels may offer the potential for higher returns. This exposes investors in GLG Funds to increased risk as leverage can increase the fund's market exposure and volatility. For instance, a purchase or sale of a leveraged investment may result in losses in excess of the amount initially deposited as margin for the investment. This increased market exposure and volatility could have a material adverse effect on the return achieved by GLG Funds, and consequently it could have a material adverse effect on our business, results of operations and financial condition.

The GLG Funds and accounts we manage may not be able to obtain credit for leveraging or hedging purposes at the same level or cost as they have in the past, which could have a material adverse effect on the performance of the GLG Funds and managed accounts.

Following the failure of Lehman Brothers and the acquisitions of Bear Stearns and Merrill Lynch, there has been a significant consolidation in the financial services industry and there are fewer prime brokers available to service hedge funds and other investment funds. The remaining prime brokers have reduced significantly the amount of credit available to such funds, including the GLG Funds and managed accounts, for leveraging or hedging purposes or have imposed stricter margin and other terms on such borrowings. As a result, the GLG Funds and managed accounts may not be able to employ leveraging or hedging strategies to the same degree as in the past to increase the overall level of investments in the funds to generate higher returns or to use futures, warrants, options and other derivative products to hedge those investments. In addition, the increased financing costs of employing such leveraging or hedging strategies may partially or entirely offset any potential performance gains to be derived from the leveraging or hedging strategy employed by the GLG Funds and managed accounts. These limitations and costs could have a material adverse effect on the returns generated by the GLG Funds and managed accounts.

Certain GLG Funds comprised of special asset vehicles may not be able to obtain credit and contain a high proportion of illiquid assets for which a readily obtainable market value may not be available.

The special assets vehicles into which certain private placement and other not readily realizable investments in the portfolios of several of the GLG Funds were contributed may not be able to obtain credit to implement hedging strategies with regard to these investments to the same extent as when these investments formed part of the portfolios of the main GLG Funds. The inability to hedge these investments could negatively impact the investment returns obtained by the special assets vehicles. In addition, these investments are by their nature illiquid making it uncertain as to the ultimate timing of realization. Moreover, because there is no ready market for these investments, the valuations are subjective and the inputs to the valuations may contain significant management estimates.

There are risks associated with the GLG Funds' investments in derivatives.

The GLG Funds may make investments in derivatives. These investments are subject to a variety of risks. Examples of such risks may include, but are not limited to:

limitation of risk assessment methodologies – Decisions to enter into these derivatives and other securities contracts will be based on estimates of returns and probabilities of loss derived from our own calculations and analysis. There can be no assurance that the estimates or the methodologies, or the assumptions which underlie such estimates and methodologies, will turn out to be valid or appropriate;

risks underlying the derivative and securities contracts – A general rise in the frequency, occurrence or severity of certain non-financial risks such as accidents and/or natural catastrophes will lead to a general decrease in the returns and the possibility of returns from these derivatives and securities contracts, which will not be reflected in the methodology or assumption underlying the analysis of any specific derivative or securities contract; and

particular risks The particular instruments in which we will invest on behalf of the GLG Funds may produce an unusually and unexpectedly high amount of losses, which will not be reflected in the methodology or assumptions underlying the analysis of any specific derivative or securities contract.

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The GLG Funds and accounts we manage are subject to risks in using prime brokers, custodians, administrators and other agents.

All of the GLG Funds and managed accounts depend on the services of prime brokers, custodians, administrators and other agents and third parties in connection with certain securities transactions. As a result of ongoing consolidation in the financial services industry, our access to certain financial intermediaries, such as prime brokers or trading counterparties, may be reduced or eliminated. This may reduce our ability to diversify the exposures of the GLG Funds and managed accounts to these intermediaries which may increase operational risks or transaction costs, which may result in lower investment performance by the GLG Funds and managed accounts. In addition, the smaller number of service providers may result in tighter terms for transactions with the GLG Funds and managed accounts and the loss of specialized expertise with certain products used by the GLG Funds and managed accounts.

Certain GLG Funds and several GLG clients with managed accounts have claims as creditors and/or as trust asset claimants against LBIE) and, in some cases, other Lehman Brothers entities. These claims will likely take an extended period of time to resolve and, in some cases, may remain unsatisfied. There are also a number of open factual and legal issues surrounding such claims.

On September 15, 2008, Lehman Brothers Holdings Inc. (the ultimate parent company of the Lehman Brothers group) filed for Chapter 11 bankruptcy in the United States and LBIE, the principal European broker-dealer for the Lehman Brothers group, was placed into administration by order of the English court. Lehman Brothers prime brokerage unit in the United Kingdom was one of the business groups forming part of LBIE. Other Lehman Brothers entities have also filed for or commenced insolvency-related proceedings, including Lehman Brothers Inc. (LBI), Lehman Brothers U.S. broker-dealer.

Nearly all of the GLG Funds and several of the GLG institutional managed accounts existing at that time utilized LBIE as a prime broker. All of the GLG Funds and managed accounts existing at that time had LBIE, and a small number of GLG Funds and managed accounts had LBI, as a trading counterparty. In addition, all of GLG s private client managed accounts at that time used LBIE, and a small number of GLG s private clients additionally used LBI, as a custodian and broker for their accounts. As a consequence of LBIE being in administration, the GLG Funds and, to the best of our knowledge, the managed accounts which used LBIE as a prime broker, have been unable to access their assets, including all securities and cash, deposited with LBIE.

On December 29, 2009, the administrators of LBIE announced that the conditions to effectiveness of the Claims Resolution Agreement (the CRA), a voluntary contractual scheme binding upon LBIE and those clients of LBIE party to it had been satisfied and the CRA became effective on January 21, 2010. All of the relevant GLG Funds became signatories to the CRA. The CRA provides a framework pursuant to which signatories trust asset and other claims against LBIE will be resolved resulting in, among other things, the return of trust assets, the determination and discharge of amounts owing to and from LBIE, the implementation of setoff rights and the crystallization of an admitted unsecured claim against LBIE.

The net direct exposure of each effected GLG Fund to LBIE and the other entities in the Lehman Brothers group is reflected in the net asset value of each fund and carried by the fund at fair value. The fair value of the exposure is determined on the basis of the best information available to us from time to time, including information received from LBIE, that the claims of the GLG Funds which are signatories to the CRA will be determined as provided in the CRA and on the basis of legal and professional advice obtained for the purpose of determining the rights and obligations of each relevant GLG Fund. Fair value is also determined on the basis of certain assumptions which we believe to be reasonable, including with respect to the level of shortfalls in the recovery of trust assets, the level of recovery from LBI, the level of recovery on client money claims and the ultimate recovery on unsecured claims. The fair value of the exposure is reviewed regularly as needed, including the assumptions, with the relevant GLG Fund s directors, independent fund administrator and independent auditors, and is updated as necessary, to reflect new information or changes in assumptions.

We are unable to estimate the exposure our institutional managed accounts have to LBIE as a prime broker because the clients in these cases maintain the relationships with their third party service providers, such as prime brokers, custodians and administrators, nor do we have access to the terms of their agreements with LBIE or know the extent of exposure these clients may have to LBIE outside their managed account with us.

As a consequence of the administration of LBIE and the liquidation proceedings under the Securities Investor Protection Act of 1970, as amended, of LBI, our private clients have been unable to access their assets, including all securities and cash, in their respective accounts with LBIE or LBI managed by us. To the extent our private clients assets constitute securities held in custody by LBIE or LBI, we believe the clients should recover these securities to the extent these securities do not collateralize amounts owing by our clients to LBIE or LBI. To the extent our private client s assets constitute cash held by LBIE as client money, we believe the

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clients should recover in the same proportion as all LBIE clients recover client money, with any shortfall generally resulting in an unsecured claim against the LBIE estate. To the extent private clients are owed amounts under trading contracts with LBIE or LBI, we believe such amounts will constitute unsecured claims against LBIE or LBI, as the case may be. Notwithstanding the foregoing, the position of any individual private client will depend on the facts and circumstances surrounding such private client's claims, as well as their particular legal rights and obligations pursuant to their agreements with LBIE or LBI.

The GLG Funds and our managed accounts have, in the aggregate, recognized losses as a result of the foregoing and, the GLG Funds and managed accounts may incur additional losses if our estimates change and/or the assumptions we have made, information we have received, including from LBIE, or outside opinions we have obtained prove incorrect. In any event, the GLG Funds and managed accounts will suffer substantial delay before there is a final resolution of their claims and the ultimate recovery. If our clients, including the GLG Funds, do not fully recover their assets, suffer losses or substantial delays, they might redeem their investments, lose confidence in us and or make claims against us, our affiliates and/or the GLG Funds, any of which could have a material adverse effect on our business, results of operations or financial condition.

The GLG Funds and accounts we manage are subject to counterparty risk with regard to over-the-counter instruments and other swap or hedging transactions. The actual or perceived weakness of counterparties could increase the exposure of the GLG Funds and managed accounts to these counterparty and credit risks.

In light of the recent instability of the financial markets, the GLG Funds and managed accounts face the increased risk of potential bankruptcies or significant credit deterioration of major financial institutions, including prime brokers, custodians and other agents, some of which have substantial relationships with the GLG Funds and managed accounts, increasing exposure to the related counterparty risks. Furthermore, the combinations of financial service firms announced in late 2008 increased the concentration of counterparty risk for the GLG Funds and managed accounts. The credit quality of these exposures may be affected by many factors, such as economic and business conditions or deterioration in the financial condition of an individual counterparty, group of counterparties or asset classes. Difficulties of this nature affecting counterparties have the potential to result in significant exposures, whether counterparty, credit or otherwise, for the GLG Funds and managed accounts and negatively impact our business and results of operations.

In the event of the insolvency of any counterparty or any prime broker or custodian, the GLG Funds and managed accounts may only rank as unsecured creditors in respect of sums due to them, may be exposed to the under-segregation of assets, fraud or other factors which may result in the recovery of less than all of the property of the GLG Funds or managed accounts than was held in custody or safekeeping or may be subject to significant delays in the recovery and access to assets and funds held by such counterparties. Any losses will be borne by the GLG Funds and managed accounts and there could be a substantial delay in recovering these assets which could lead to restrictions on redemptions, special asset vehicles or other actions that could have a material adverse affect on our business. In addition, cash held by the GLG Funds and managed accounts with a prime broker or custodian may not be segregated from the prime broker's or administrator's own cash, and the GLG Funds and managed accounts may therefore rank as unsecured creditors in relation thereto (even if the prime broker or custodian was required by contract or law to do so). Defaults by, or even rumors or questions about, the solvency of counterparties with which we execute transactions on behalf of the GLG Funds and managed accounts may increase operational risks or transaction costs, which may result in lower investment performance by the GLG Funds and managed accounts.

The GLG Funds and managed accounts may also enter into currency, interest rate, total return or other swaps which may be surrogates for other instruments such as currency forwards and interest rate options. The value of such instruments, which generally depends upon price movements in the underlying assets as well as counterparty risk, will influence the performance of the GLG Funds and managed accounts and, therefore, a decrease in the value of such instruments could have a material adverse effect on our business, results of operations or financial condition. In particular, certain GLG Funds frequently trade in debt securities and other obligations, either directly or on an assignment basis. Consequently, those GLG Funds will be subject to risk of default by the debtor or obligor in relation to their debt securities and other obligations, which could result in lower investment performance by those GLG Funds which could lead to restrictions or redemptions, special asset vehicles or other actions and have a material

adverse effect on our business, results of operations or financial condition.

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The GLG Funds and managed accounts are subject to systemic risk due to the interconnectedness and recent consolidation of financial institutions as the failure of any one institution may expose the GLG Funds and managed accounts to risk of loss.

The financial markets generally are characterized by extensive interconnections among financial institutions. These interconnections present significant risks to the GLG Funds and managed accounts as the failure or perceived weakness of any counterparties has the potential to expose the GLG Funds and managed accounts to risk of loss. Financial institutions, including banks, broker-dealers and insurance companies, have historically been the most significant counterparties of the GLG Funds and managed accounts. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This systemic risk may adversely affect the financial intermediaries (such as clearing agencies, clearing houses, banks, securities firms and exchanges) with which the GLG Funds and managed accounts interact on a daily basis.

Concerns of counterparties about the financial strength of the GLG Funds and managed accounts may impact their willingness to enter into transactions with the GLG Funds and managed accounts.

If the GLG Funds and managed accounts experience diminished financial strength or stability, actual or perceived, including due to market or regulatory developments, business developments or results of operations, counterparties may become less willing to enter into transactions with the GLG Funds and managed accounts or our ability to enter into financial transactions on behalf of the GLG Funds and managed accounts on terms acceptable to us may be materially compromised.

GLG Fund investments are subject to numerous additional risks.

GLG Fund investments, including investments by its external fund of hedge funds products in other hedge funds, are subject to numerous additional risks, including the following:

certain of the GLG Funds are newly established funds without any operating history or are managed by management companies or general partners who do not have a significant track record as an independent manager;

generally, there are few limitations on the execution of the GLG Funds investment strategies, which are subject to the sole discretion of the management company of such funds;

the GLG Funds may engage in short-selling, which is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. A GLG Fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the GLG Fund is otherwise unable to borrow securities that are necessary to hedge its positions;

credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This systemic risk may adversely affect the financial intermediaries (such as clearing agencies, clearing houses, banks, securities firms and exchanges) with which the GLG Funds interact on a daily basis;

the efficacy of investment and trading strategies depends largely on the ability to establish and maintain an overall market position in a combination of financial instruments. Trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the GLG Funds might only be able to acquire some but not all of the components of the position, or if the overall position were to need adjustment, the GLG Funds might not be able to make such adjustment. As a result, the GLG Funds would not be able to achieve the market position selected by the management company or general partner of such funds, and might incur a loss in liquidating their position; and

the investments held by the GLG Funds are subject to risks relating to investments in commodities, equities, bonds, futures, options and other derivatives, the prices of which are highly volatile and may be subject to the theoretically unlimited risk of loss in certain circumstances, including if the fund writes a call option. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, credit market conditions, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the assets of the GLG Funds are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties. Most U.S. commodities exchanges limit fluctuations in certain commodity interest prices during a single day by imposing daily price fluctuation limits or daily limits, the existence of which may reduce liquidity or effectively curtail trading in particular markets.

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The due diligence process that we undertake in connection with investments by the GLG Funds may not reveal all facts that may be relevant in connection with an investment.

Before making investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we carry out with respect to any investment opportunity may not reveal or highlight certain facts that could adversely affect the value of the investment.

The GLG Funds make investments in companies that the GLG Funds do not control.

Investments by most of the GLG Funds include debt instruments and equity securities of companies that the GLG Funds do not control. Such instruments and securities may be acquired by the GLG Funds through trading activities or through purchases of securities from the issuer. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of investments by the GLG Funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

Risk management activities may adversely affect the return on the GLG Funds investments.

When managing their exposure to market risks, the GLG Funds may from time to time use forward contracts, options, swaps, credit default swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments to limit their exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates, currency exchange rates and commodity prices. The success of any hedging or other derivative transactions generally will depend on the ability to correctly predict market changes, the degree of correlation between price movements of a derivative instrument, the position being hedged, the creditworthiness of the counterparty and other factors. As a result, while the GLG Funds may enter into a transaction in order to reduce their exposure to market risks, the transaction may result in poorer overall investment performance than if it had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

The GLG Funds may be subject to U.K. tax if we do not qualify for the U.K. Investment Manager Exemption.

Certain of the GLG Funds may, under U.K. tax legislation, be regarded as carrying on a trade in the United Kingdom through their investment manager, GLG Partners LP. It is our intention to organize our affairs such that neither the investment manager nor the group companies that are partners in the investment manager constitute a U.K. branch or permanent establishment of the GLG Funds by reason of exemptions provided by Section 127 of the Finance Act 1995 and Schedule 26 of the Finance Act 2003. These exemptions, which apply in respect of income tax and corporation tax, respectively, are substantially similar and are each often referred to as the Investment Manager Exemption (IME).

We cannot assure you that the conditions of the IME will be met at all times in respect of every fund. Failure to qualify for the IME in respect of a fund could subject the fund to U.K. tax liability, which, if not paid, would become the liability of GLG Partners LP, as investment manager. This U.K. tax liability could be substantial.

In organizing our affairs such that we are able to meet the IME conditions, we will take account of a statement of practice published by the U.K. tax authorities on July 20, 2007 that sets out their interpretation of the law.

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Risks Related to Our Organization and Structure

Since our principal operations are located in the United Kingdom, we may encounter risks specific to companies located outside the United States.

Since our principal operations are located in the United Kingdom, we are exposed to additional risks that could negatively impact our future results of operations, including but not limited to:

tariffs and trade barriers;

regulations related to customs and import/export matters;

tax issues, such as tax law changes and variations in tax laws as compared to the United States;

cultural differences; and

foreign exchange controls.

We are no longer a controlled company within the meaning of the NYSE Listed Company Manual and, as a result, we may be delisted if we fail to comply within the one-year transition period with certain NYSE corporate governance standards that we were not subject to as a controlled company.

Following the withdrawal on May 16, 2010 of Martin E. Franklin as a member of the voting agreement among certain of our shareholders, referred to as the controlling shareholders, which include the Principals, their Trusts and certain other shareholders, we are no longer a controlled company under the NYSE rules (*i.e.*, a company of which more than 50% of the voting power is held by an individual, a group or another company). As a result, we are no longer exempt from certain corporate governance standards required for listed companies under the NYSE rules.

Under the NYSE rules, when a controlled company ceases to be controlled, there is a transition period of one year during which it must phase-in to full compliance with the NYSE corporate governance requirements, including that (1) each of its nominating and compensation committees consists of at least one independent director as of the date it ceases to be a controlled company, (2) those committees consist of a majority of independent directors within 90 days after it ceases to be a controlled company and (3) each of its nominating and compensation committees consists of independent directors and its board consists of a majority of independent directors within one year after it ceases to be a controlled company. In addition, the company is required to have adopted the requisite committee charters as of the date it ceases to be a controlled company.

Currently, our board of directors does not consist of a majority of directors that are independent under the NYSE rules, and our Compensation Committee does not currently consist of only directors that are independent. Our Nominating Committee consists of one independent director. While we intend to be in compliance with the NYSE corporate governance standards within the requisite transition period, if we are not in compliance within that period, we may be delisted by the NYSE.

The concentration of ownership of our common stock and Series A voting preferred stock with our controlling stockholders will limit our stockholders' ability to influence corporate matters requiring stockholder approval and may involve other risks.

Certain of our stockholders who have entered into a voting agreement, referred to as the controlling stockholders, beneficially own shares of our common stock and Series A voting preferred stock which collectively represent approximately 48.9% of our voting power. Due to this concentrated control, the controlling stockholders could have a substantial impact on the outcome of all matters requiring stockholder approval and could preclude any unsolicited acquisition of our company or deprive stockholders of an opportunity to receive a premium for their shares as part of a sale of our company. This concentrated ownership could limit our stockholders' ability to influence corporate matters or otherwise adversely affect the voting and other rights of our stockholders and could ultimately affect the market price of our shares. In addition, pursuant to the voting agreement, we have agreed not to take certain actions without the consent of the controlling stockholders so long as they collectively beneficially own (1) more than 25% of our voting stock and at least one of Messrs. Gottesman, Roman or Lagrange is an employee, partner or member of our company or any of our subsidiaries or (2) more than 40% of our voting stock. These consent rights may limit our

ability to take actions that our stockholders view as beneficial.

Table of Contents***Certain provisions in our organizational documents and Delaware law make it difficult for someone to acquire control of us.***

Provisions in our organizational documents make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our stockholders. For example, our organizational documents require advance notice for proposals by stockholders and nominations, place limitations on convening stockholder meetings and authorize the issuance of preferred shares that could be issued by our board of directors to thwart a takeover attempt. In addition, our organizational documents require the affirmative vote of at least 66 2/3% of the combined voting power of all outstanding shares of our capital stock entitled to vote generally, voting together as a single class, to adopt, alter, amend or repeal our by-laws; remove a director (other than directors elected by a series of our preferred stock, if any, entitled to elect a class of directors) from office, with or without cause; and amend, alter or repeal certain provisions of our certificate of incorporation which require a stockholder vote higher than a majority vote, including the amendment provision itself, or to adopt any provision inconsistent with those provisions.

Because of their ownership of approximately 48.9% of the our voting power, the controlling stockholders may be able to influence the outcome of matters requiring stockholder approval (and may be able to prevent a change of control of our company or cause or prevent a change in the composition of our board of directors, and may be able to preclude any unsolicited acquisition of our company. Certain provisions of Delaware law may also delay or prevent a transaction that could cause a change in our control. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our board of directors could rely on this provision to prevent or delay an acquisition of our company. However, the pending merger with Man and Merger Sub was approved by the special committee of our board of directors on May 16, 2010 for purposes of this Delaware law provision.

The market price of our shares could be adversely affected to the extent that the controlling stockholders influence and/or provisions of our organizational documents discourage potential takeover attempts that our stockholders may favor.

An active market for our common stock may not be sustained.

Our common stock is currently listed on the NYSE and trades under the symbol **GLG** . However, we cannot assure you a regular trading market of our shares will develop on the NYSE or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our shares will develop or be maintained, the liquidity of any trading market, your ability to sell your shares when desired, or at all, or the prices that you may obtain for your shares.

The value of our common stock and warrants may be adversely affected by market volatility.

Since the Acquisition, the market prices of our shares of common stock and warrants have experienced significant volatility and depreciation and they may continue to be subject to wide fluctuations or further declines. In addition, the trading volume in our shares and warrants may fluctuate and cause significant price variations to occur. If the market prices of our shares and warrants decline significantly, you may be unable to resell your shares and warrants at or above your purchase price, if at all. We cannot assure you that the market price of our shares and warrants will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our shares and warrants or result in fluctuations in the price or trading volume of our shares and warrants include:

- variations in our quarterly operating results or dividends;
- failure to meet analysts' earnings estimates or failure to meet, or the lowering of, our own earnings guidance;
- publication of research reports about us or the investment management industry or the failure of securities analysts to cover our shares;
- additions or departures of the Principals and other key personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- actions by stockholders;
- changes in market valuations of similar companies;
- speculation in the press or investment community;

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changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of these laws and regulations, or announcements relating to these matters;
 adverse publicity about the asset management industry generally or individual scandals, specifically;
 general market and economic conditions, including the substantial volatility experienced in the financial markets in September 2008 and following months; and
 developments in connection with the pending acquisition transaction with Man, including whether the closing conditions for the transaction are satisfied.

If prevailing market and business conditions or similar ones continue to exist or worsen, we could experience continuing or adverse effects on our business, results of operations or financial condition.

We may not be able to pay dividends on our common stock.

As a holding company, our ability to pay dividends is subject to the ability of our subsidiaries to provide cash to us. We intend to distribute dividends to our stockholders and/or repurchase our common stock at such time and in such amounts to be determined by our board of directors. Accordingly, we expect to cause our subsidiaries to make distributions to their stockholders or partners, as applicable, in an amount sufficient to enable us to pay such dividends to our stockholders or make such repurchases, as applicable; however, no assurance can be given that such distributions or stock repurchases will or can be made. Our board can reduce or eliminate our dividend, or decide not to repurchase our common stock, at any time, in its discretion. For example, in December 2008, in light of the existing economic environment, our board determined not to continue paying a regular dividend on its common stock in order to retain capital. The board will consider re-establishing the regular quarterly dividend as well as the payment of a special dividend as and when it determines appropriate in the future. Our subsidiaries will be required to make minimum tax distributions and intend to make limited partner profit share distributions to our key personnel pursuant to our limited partner profit share arrangement prior to distributing dividends to our stockholders or repurchasing our common stock. If our subsidiaries have insufficient funds to make these distributions, we may have to borrow funds or sell assets, which could materially adversely affect our liquidity and financial condition. In addition, our subsidiaries earnings may be insufficient to enable them to make required minimum tax distributions or intended limited partner profit share distributions to their stockholders, partners or members, as applicable, because, among other things, our subsidiaries may not have sufficient capital surplus to pay dividends or make distributions under the laws of the relevant jurisdiction of incorporation or organization or may not satisfy regulatory requirements of capital adequacy, including the regulatory capital requirements of the FSA in the United Kingdom or the Financial Groups Directive of the European Community. Under the terms of our amended credit agreement dividends may only be made after the outstanding principal amount of our term and revolving loans falls below \$200 million, and we are subject to certain restrictions on our repurchases of shares and warrants under our amended credit agreement.

As a result of the Acquisition, we incur significant non-cash amortization charges related to equity-based compensation expense associated with the vesting of certain equity-based awards, which reduces our net income and may result in further net losses.

Compensation and benefits post-acquisition reflect the amortization of significant non-cash equity-based compensation expense associated with the vesting of equity-based awards over the next four years. The compensation and benefits expense relates to the 10,000,000 shares of our common stock issued for the benefit of our employees, service providers and certain key personnel under our 2007 Restricted Stock Plan; 33,000,000 shares of our common stock and \$150 million in cash and promissory notes issued for the benefit of certain of our key personnel participating in our equity participation plan; and 77,604,988 shares of common stock and 58,904,993 exchangeable Class B ordinary shares of FA Sub 2 Limited subject to an agreement among our principals and trustees. These shares are subject to certain vesting and forfeiture provisions, and the related share-based compensation expenses are being recognized on a straight-line basis over the requisite service period. This treatment under GAAP reduces our net income and may result in further net losses in future periods.

Fulfilling our obligations as a public company will be expensive and time consuming.

As a public company, we are required to prepare and file periodic and other reports with the SEC under applicable U.S. federal securities laws and to comply with other requirements of U.S. federal securities laws, such as establishing and maintaining disclosure controls and procedures and internal control over financial reporting as required by

Section 404 of the Sarbanes-Oxley Act of 2002. In addition, under the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, as well as the rules of the NYSE we

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are required to maintain certain corporate governance practices and to adhere to a variety of reporting requirements and accounting rules. Compliance with these obligations requires significant time and resources from our management and our finance and accounting staff, may require additional staffing and infrastructure and will make some activities more time consuming and costly. We incur significant legal, accounting, insurance and financial costs as a public company. As a result of the increased costs associated with being a public company, our operating income as a percentage of revenue is likely to be lower.

The failure to address actual or perceived conflicts of interest that may arise as a result of the investment by the Principals and other key personnel of at least 50% of the after-tax cash proceeds they received in the Acquisition in GLG Funds, may damage our reputation and materially adversely affect our business.

As a result of the \$481.0 million of net AUM that the Principals, the Trustees and certain key personnel have invested in the GLG Funds and managed accounts as of June 30, 2010, other investors in the GLG Funds may perceive conflicts of interest regarding investments in the GLG Funds in which the Principals, the Trustees and other key personnel are personally invested. Actual or perceived conflicts of interests could give rise to investor dissatisfaction or litigation and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with these conflicts of interest. Investor dissatisfaction or litigation in connection with conflicts of interest could materially adversely affect our reputation and our business in a number of ways, including as a result of redemptions by investors from the GLG Funds and a reluctance of counterparties do business with us.

We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.

We may redeem the warrants issued as a part of our publicly traded units and the co-investment warrants at any time beginning December 21, 2007, in whole and not in part, at a price of \$0.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sales price of our common stock equals or exceeds \$14.25 per share for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption. Redemption of the warrants could force the warrant holders (1) to exercise the warrants and pay the exercise price therefore at a time when it may be disadvantageous for the holders to do so, (2) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants or (3) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

Our outstanding warrants 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 our stockholders. This might have an adverse effect on the market price of our common stock.

Excluding 12,000,003 warrants beneficially owned by our founders and their affiliates, which are not currently exercisable, as of August 4, 2010, there were 42,116,439 outstanding warrants to purchase shares of common stock, which were exercisable beginning on December 21, 2007. These warrants would only be exercised if the \$7.50 per share exercise price is below the market price of our common stock. To the extent they are exercised, additional shares of our common stock will be issued, which will result in dilution to our stockholders and increase 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 our shares.

Risks Related to Taxation

Our effective income tax rate depends on various factors and may increase as our business expands into countries with higher tax rates or as we repatriate more profits to the U.S.

There can be no assurance that we will continue to have a low effective income tax rate. We are a U.S. corporation that is subject to the U.S. corporate income tax on its taxable income. Our low effective tax rate is generally attributable to the income tax rates in the jurisdictions in which our entities do business; the type and relative amount of income earned by our entities in these jurisdictions; the timing and amount of repatriation of profits back to the United States in the form of dividends; and the asset basis step-up and associated 15-year goodwill amortization deduction for US tax purposes (approximately \$216 million per year) as a result of the reverse acquisition transaction. We expect that our effective income tax rate may increase as our business expands into countries with higher tax rates. In addition, allocation of income among business activities and entities is subject to detailed and complex rules and depends on the facts and circumstances. No assurance can be given that the facts and circumstances or the rules will

not change from year to year or that taxing authorities will not be able to successfully challenge such allocations.

Table of Contents***U.S. persons who own 10% or more of our voting stock may be subject to higher U.S. tax rates on a sale of the stock.***

U.S. persons who hold 10% or more (actually and/or constructively) of the total combined voting power of all classes of our voting stock may on the sale of the stock be subject to U.S. tax at ordinary income tax rates (rather than at capital gain tax rates) on the portion of their taxable gain attributed to undistributed offshore earnings. This would be the result if we are treated (for U.S. federal income tax purposes) as principally availed to hold the stock of foreign corporation(s) and the stock ownership in us satisfies the stock ownership test for determining controlled foreign corporation (CFC) status (determined as if we were a foreign corporation). A foreign corporation is a CFC if, for an uninterrupted period of 30 days or more during any taxable year, more than 50% of its stock (by vote or value) is owned by 10% U.S. Shareholders . A U.S. person is a 10% U.S. Shareholder if such person owns (actually and/or constructively) 10% or more of the total combined voting power of all classes of stock entitled to vote of such corporation. As of the end of 2009, approximately 31% of our stock is treated as directly or constructively owned by 10% U.S. Shareholders. Therefore, any U.S. person who considers acquiring (directly, indirectly and/or constructively) 10% or more of our outstanding stock should first consult with his or her tax advisor.

Our U.K. tax liability will be higher if the interest expense incurred by our subsidiary FA Sub 3 Limited cannot be fully utilized for U.K. tax purposes.

Our subsidiary FA Sub 3 Limited incurred debt to finance the acquisition of GLG and is claiming a deduction for U.K. tax purposes for the interest expense incurred on such debt. If the interest expense incurred by FA Sub 3 Limited cannot be fully utilized for U.K. tax purposes against U.K. income, our U.K. tax liability might increase significantly. See also Our tax position might change as a result of a change in tax laws. below for a discussion of U.K. government proposals on interest deductibility.

Our tax position might change as a result of a change in tax laws.

Since we operate our business in the United Kingdom, the United States and internationally, we are subject to many different tax laws. Tax laws (and the interpretations of tax laws by taxing authorities) are subject to frequent change, sometimes retroactively. There can be no assurance that any such changes in the tax laws applicable to us will not adversely affect our tax position.

On July 21, 2009 the U.K. s Finance Act became law. This new legislation introduces a worldwide debt cap which may restrict the deductibility of interest expense incurred by U.K. resident entities. The legislation is designed to ensure that the U.K. corporation tax deductions for financing costs do not exceed the worldwide external finance costs of the group and will have effect in relation to periods of account beginning on or after January 1, 2010. No assurances can be given that the legislation will not restrict the ability of our subsidiary FA Sub 3 Limited to claim a tax deduction for the full amount of its interest expense.

The U.S. Congress is considering changes to U.S. income tax laws which would increase the U.S. income tax rate imposed on carried interest earnings and would subject to U.S. corporate income tax certain publicly held private equity firms and hedge funds structured as partnerships (for U.S. federal income tax purposes). These changes would not apply to us because the Company is already taxed in the United States as a U.S. corporation and earns fee income and does not receive a carried interest .

The Obama administration has made a number of proposals to change certain U.S. tax rules for U.S. corporations doing business outside the United States. The proposed changes would limit the ability of U.S. corporations to deduct expenses attributable to offshore earnings, modify the foreign tax credit rules and further restrict the ability of U.S. corporations to transfer funds between foreign subsidiaries without triggering U.S. income tax. The scope of the proposed changes, the form they will take if enacted, and their potential impact is unclear. It is possible that these or other changes in the U.S. tax laws could increase our U.S. income tax liability and adversely affect our profitability.

No assurances can be given that the U.S. Congress might not enact other tax law changes that would adversely affect us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.***Share Repurchases***

On November 2, 2007, we initiated a \$100.0 million repurchase program for shares of our common stock and warrants to purchase common stock which was approved by our Board of Directors effective through May 2, 2008.

On February 4, 2008, the Board of Directors approved an increase of our repurchase program by an additional \$100.0 million and extended the program through August 31, 2008, and most recently extended the program through February 8, 2011. Approximately \$40.0 million remains available under the program for the repurchase of common stock and warrants as of August 9, 2010. Our repurchase program allows management to

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repurchase shares and warrants at its discretion. Our repurchases of shares and warrants are subject to certain restrictions under our amended credit agreement.

The table below sets forth information with respect to purchases made by or on behalf of the Company of warrants and shares of common stock during the three months ended June 30, 2010 by month:

Period	Total Number of Shares Repurchased	Weighted Average Price Paid Per Share	Total Number of Shares	Maximum Approx. Dollar Value of Shares that may yet be
			Purchased as Part of Publicly Announced Plans or Programs	Purchased Under the Plans or Programs
April 1-30, 2010				\$ 40,102,819
May 1-31, 2010	40,237	\$ 2.91	40,237	\$ 39,985,729
June 1-30, 2010				\$ 39,985,729
Total	40,237		40,237	

Item 6. Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger dated May 17, 2010 by and among the Company, Man Group plc and Escalator Sub 1 Inc., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
2.2	Share Exchange Agreement dated May 17, 2010 by and among Man Group plc and the stockholders of the Company party thereto, filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
10.1	Voting and Support Agreement dated May 17, 2010 by and among Man Group plc, Escalator Sub 1 Inc. and the stockholders of the Company party thereto, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
10.2	Second Amended and Restated Employment Agreement between the Company and Jeffrey M. Rojek, dated May 16, 2010, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
10.3	Second Amended and Restated Employment Agreement between the Company and Alejandro San Miguel, dated May 16, 2010, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
10.4	Second Amended and Restated Employment Agreement between the Company and Simon White, dated May 16, 2010, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.

- 10.5 Joinder Agreement dated as of June 21, 2010 by and among the Company, the Blue Hill Trust, the Green Hill Trust, Sage Summit LP, Lavender Heights Capital LP, Man Group plc and Escalator Sub 1 Inc., filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 25, 2010, is incorporated herein by reference.
- 31.1 Certification of Periodic Report by the Co-Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
- 31.2 Certification of Periodic Report by the Co-Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
- 31.3 Certification of Periodic Report by the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
- 32.1 Certification of Periodic Report by the Co-Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Periodic Report by the Co-Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Exhibit No.	Description
32.3	Certification of Periodic Report by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files.

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SIGNATURE

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, thereunto duly authorized.

GLG PARTNERS, INC.
(Registrant)

Date: August 9, 2010

By /s/ Noam Gottesman
Name: Noam Gottesman
Title: Chairman of the Board and
Co-Chief Executive Officer

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EXHIBIT INDEX

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2.1	Agreement and Plan of Merger dated May 17, 2010 by and among the Company, Man Group plc and Escalator Sub 1 Inc., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
2.2	Share Exchange Agreement dated May 17, 2010 by and among Man Group plc and the stockholders of the Company party thereto, filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
10.1	Voting and Support Agreement dated May 17, 2010 by and among Man Group plc, Escalator Sub 1 Inc. and the stockholders of the Company party thereto, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 19, 2010, is incorporated herein by reference.
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