

Compass Group Diversified Holdings LLC
Form DEF 14A
April 13, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Filed by the registrant p

Filed by a party other than the registrant o

Check the appropriate box:

- o Preliminary proxy statement
- o Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- p Definitive proxy statement
- o Definitive additional materials
- o Soliciting material pursuant to § 240.14a-11(c) of § 240.14a-12

COMPASS DIVERSIFIED HOLDINGS

(Name of Registrant as Specified in its Charter)

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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**Compass Diversified Holdings
Compass Group Diversified Holdings LLC
Notice of Annual Meeting of Shareholders**

April 17, 2009

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders, which will be held on Wednesday, May 20, 2009 at 9:00 a.m., Eastern Time, at the Doubletree Hotel, 789 Connecticut Avenue, Norwalk, Connecticut 06854.

Enclosed please find our proxy statement, a proxy card and our annual report. The proxy statement contains important information about the Annual Meeting, the proposals we will consider and how you can vote your shares.

Your vote is very important to us. We encourage you to promptly complete, sign, date and return the enclosed proxy card, which contains instructions on how you would like your shares to be voted. **Please submit your proxy regardless of whether you will attend the Annual Meeting.** This will help us ensure that your vote is represented at the Annual Meeting. Signing this proxy will not prevent you from voting in person should you be able to attend the meeting, but will assure that your vote is counted, if for any reason, you are unable to attend.

On behalf of the board of directors and the management of Compass Group Diversified Holdings LLC, I extend our appreciation for your investment in Compass Diversified Holdings. We look forward to seeing you at the Annual Meeting.

Sincerely,

C. Sean Day
Chairman of the Board of Directors

**Compass Diversified Holdings
Compass Group Diversified Holdings LLC**

April 17, 2009

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held On Wednesday, May 20, 2009**

Compass Diversified Holdings' s 2009 Annual Meeting of Shareholders will be held on Wednesday, May 20, 2009 at 9:00 a.m., Eastern Time, at the Doubletree Hotel, 789 Connecticut Avenue, Norwalk, Connecticut 06854, for the following purposes:

to elect two directors to our board of directors each to serve for a three-year term;

to vote on a proposal to ratify the selection of Grant Thornton LLP to serve as the independent auditor for the Compass Diversified Holdings and Compass Group Diversified Holdings LLC for the fiscal year ending December 31, 2009; and

to transact such other business as may properly come before the meeting.

These matters are more fully described in the enclosed proxy statement. The board of directors recommends that you vote FOR the election of directors and FOR the ratification of the independent auditor.

Shareholders of record at the close of business on April 10, 2009 will be entitled to notice of, and to vote at, the Annual Meeting and at any subsequent adjournments or postponements. The share register will not be closed between the record date and the date of the Annual Meeting. A list of shareholders entitled to vote at the Annual Meeting is available for inspection at our principal executive offices at 61 Wilton Road, Westport, Connecticut 06880.

To be sure that your shares are properly represented at the meeting, whether or not you attend, please promptly complete, sign, date and return the enclosed proxy card in the accompanying pre-addressed envelope. **We must receive your proxy no later than 5:00 p.m., Eastern Time, on May 19, 2009.**

You will be required to bring certain documents with you to be admitted to the Annual Meeting. Please read carefully the sections in the proxy statement on attending and voting at the Annual Meeting to ensure that you comply with these requirements.

By order of the board of directors.

Sincerely,

Carrie W. Ryan
Secretary

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Compass Diversified Holdings, a Delaware statutory trust, which we refer to as the Trust, owns its businesses and investments through Compass Group Diversified Holdings LLC, a Delaware limited liability company, which we refer to as the Company. Except where the context indicates otherwise, we, us, and our refer to the Company and the Trust. References to shareholders refer to shareholders of Compass Diversified Holdings.

**COMPASS DIVERSIFIED HOLDINGS
COMPASS GROUP DIVERSIFIED HOLDINGS LLC
Sixty One Wilton Road
Westport, Connecticut 06880
PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS**

This Proxy Statement is furnished in connection with the solicitation of proxies by the board of directors of Compass Group Diversified Holdings LLC, which we refer to as the Company, a Delaware limited liability company, for the 2009 Annual Meeting of Shareholders of Compass Diversified Holdings, which we refer to as the Trust, to be held on May 20, 2009 at 9:00 a.m., Eastern Time, at the Doubletree Hotel, 789 Connecticut Avenue, Norwalk, Connecticut 06854 and for any adjournments or postponements of the 2009 Annual Meeting of Shareholders. We refer to the 2009 Annual Meeting of Shareholders as the Annual Meeting. The notice of annual meeting, proxy statement and proxy are first being mailed or given to shareholders on or about April 17, 2009.

PURPOSE OF MEETING

As described in more detail in this proxy statement, the Annual Meeting is being held for the following purposes:
to elect two directors to our board of directors, each to serve for a three-year term;

to vote on a proposal to ratify the selection of Grant Thornton LLP to serve as the independent auditor for the Trust and the Company for the fiscal year ending December 31, 2009; and

to transact such other business as may properly come before the meeting.

ATTENDING AND VOTING AT THE ANNUAL MEETING

Innisfree M&A Incorporated, which we refer to as Innisfree, has been selected as our inspector of election. As part of its responsibilities, Innisfree is required to independently verify that you are a shareholder of Compass Diversified Holdings eligible to attend the Annual Meeting, and to determine whether you may vote in person at the Annual Meeting. Therefore, it is very important that you follow the instructions below to gain entry to the Annual Meeting.

Check-in Procedure for Attending the Annual Meeting

Shareholders of Record. The documents you will need to provide to be admitted to the Annual Meeting depend on whether you are a shareholder of record or you represent a shareholder of record.

Individuals. If you are a shareholder of record holding shares in your own name, you must bring to the Annual Meeting a form of government-issued photo identification (e.g., a driver's license or passport). Trustees who are individuals and named as shareholders of record are in this category.

Individuals Representing a Shareholder of Record. If you attend on behalf of a shareholder of record, whether such shareholder is an individual, corporation, trust or partnership:

you must bring to the Annual Meeting a form of government-issued photo identification (e.g., a driver's license or passport); AND

either:

you must bring to the Annual Meeting a letter from that shareholder of record authorizing you to attend the Annual Meeting on their behalf; OR

we must have received by 5:00 p.m., Eastern Time, on May 19, 2009 a duly executed proxy card from the shareholder of record appointing you as proxy.

Beneficial Owners. If your shares are held by a bank or broker (often referred to as holding in street name) you should go to the Beneficial Owners check-in area at the Annual Meeting. Because you hold in street name, your name does not appear on the share register of the Trust. The documents you will need to provide to be admitted to the Annual Meeting depend on whether you are a beneficial owner or you represent a beneficial owner.

Individuals. If you are a beneficial owner, you must bring to the Annual Meeting:

either:

a form of government-issued photo identification (e.g., a driver's license or passport); AND

a legal proxy that you have obtained from your bank or broker; OR

your most recent brokerage account statement or a recent letter from your bank or broker showing that you own shares of Compass Diversified Holdings.

Individuals Representing a Beneficial Owner. If you attend on behalf of a beneficial owner, you must bring to the Annual Meeting:

a letter from the beneficial owner authorizing you to represent its shares at the Annual Meeting; AND

the identification and documentation specified above for individual beneficial owners.

Voting in Person at the Annual Meeting

Shareholders of Record. Shareholders of record may vote their shares in person at the Annual Meeting by ballot. Each proposal has a separate ballot. You must properly complete, sign, date and return the ballots to the inspector of election at the Annual Meeting to vote in person. To receive ballots, you must bring with you the documents described below:

Individuals. You will receive ballots at the check-in table when you present your identification. If you have already returned your proxy card to us and do not want to change your votes, you do not need to complete the ballots. If you do complete and return the ballots to us, your proxy card will be automatically revoked.

Individuals Voting on Behalf of Another Individual. If you will vote on behalf of another individual who is a shareholder of record, **we must have received by 5:00 p.m., Eastern Time, on May 19, 2009** a duly executed proxy card from such individual shareholder of record appointing you as his or her proxy. If we have received the proxy card, you will receive ballots at the check-in table when you present your identification.

Individuals Voting on Behalf of a Legal Entity. If you represent a shareholder of record that is a legal entity, you may vote that legal entity's shares if it authorizes you to do so. The documents you must provide to receive ballots at the check-in table depend on whether you are representing a corporation, trust, partnership or other legal entity.

If you represent a corporation, you must:

bring to the Annual Meeting a letter or other document from the corporation, on the corporation's letterhead and signed by an officer of the corporation, that authorizes you to vote the Corporation's shares on its behalf; OR

we must have received by 5:00 p.m., Eastern Time, on May 19, 2009 a duly executed proxy card from the corporation appointing you as its proxy.

If you represent a trust, partnership or other legal entity, **we must have received by 5:00 p.m., Eastern Time, on May 19, 2009** a duly executed proxy card from the legal entity appointing you as its proxy. A letter or other document will not be sufficient for you to vote on behalf of a trust, partnership or other legal entity other than a corporation.

Beneficial Owners. If you hold your shares in street name, these proxy materials are being forwarded to you by your bank, broker or their appointed agent. Because your name does not appear on the share register of the Trust, you will not be able to vote in person at the Annual Meeting unless you request a legal proxy from your bank or broker and bring it with you to the Annual Meeting.

Individuals. As an individual, the legal proxy will have your name on it. You must present the legal proxy at check-in to the inspector of election at the Annual Meeting to receive your ballots.

Individuals Voting on Behalf of a Beneficial Owner. Because the legal proxy will not have your name on it, to receive your ballots you must:

present the legal proxy at check-in to the inspector of election at the Annual Meeting; AND

bring to the Annual Meeting a letter from the person or entity named on the legal proxy that authorizes you to vote its shares at the Annual Meeting.

APPOINTMENT OF PROXY

General

Shareholders of Record. We encourage you to appoint a proxy to vote on your behalf by promptly submitting the enclosed proxy card, which is solicited by our Board and which, when properly completed, signed, dated and returned to us, will ensure that your shares are voted as you direct. We strongly encourage you to return your completed proxy to us regardless of whether you will attend the Annual Meeting to ensure that your vote is represented at the Annual Meeting.

PLEASE RETURN YOUR PROXY CARD TO US IN THE ACCOMPANYING ENVELOPE NO LATER THAN 5:00 P.M., EASTERN TIME, ON MAY 19, 2009. IF WE DO NOT RECEIVE YOUR PROXY CARD BY THAT TIME, YOUR PROXY WILL NOT BE VALID. IN THIS CASE, UNLESS YOU ATTEND THE ANNUAL MEETING, YOUR VOTE WILL NOT BE REPRESENTED.

The persons named in the proxy card have been designated as proxies by our Board. The designated proxies are officers of the Company. They will vote as directed by the completed proxy card.

Shareholders of record may appoint another person to attend the Annual Meeting and vote on their behalf by crossing out the Board-designated proxies, inserting such other person's name on the proxy card and returning the duly executed proxy card to us. When the person you appoint as proxy arrives at the Annual Meeting, the inspector of election will verify such person's authorization to vote on your behalf by reference to your proxy card. If you would like to appoint a person as proxy other than those designated by our Board, you must do so by using the proxy card, as described above.

If you wish to change your vote, you may do so by revoking your proxy before the Annual Meeting. Please see APPOINTMENT OF PROXY Revocation of Proxy below for more information.

Beneficial Owners. If you hold your shares in street name, these proxy materials are being forwarded to you by your bank, broker or their appointed agent. You should also have received a voter instruction card instead of a proxy card. Your bank or broker will vote your shares as you instruct on the voter instruction card. We strongly encourage you to promptly complete and return your voter instruction card to your bank or broker in accordance with their instructions so that your shares are voted. As described above, you may also request a legal proxy from your bank or broker to vote in person at the Annual Meeting.

Voting by the Designated Proxies

The persons who are the designated proxies will vote as you direct in your proxy card or voter instruction card. Please note that proxy cards returned without voting directions, and without specifying a proxy to attend the Annual Meeting and vote on your behalf, will be voted by the proxies designated by our Board in accordance with the recommendations of our Board. Our Board recommends:

a vote **FOR** each of the two nominees for director, each to serve for a three-year term (Proposal 1); and

a vote **FOR** the proposal to ratify the selection of Grant Thornton LLP as the Trust's and the Company's independent auditor for the fiscal year ending December 31, 2009 (Proposal 2).

If any other matter properly comes before the Annual Meeting, your proxies will vote on that matter in their discretion.

Revocation of Proxy

You may revoke or change your proxy before the Annual Meeting by:

sending us a duly executed written notice of revocation prior to the Annual Meeting;

attending the Annual Meeting and voting in person; OR

ensuring that we receive from you, **prior to 5:00 p.m., Eastern Time, on May 19, 2009** a new proxy card with a later date.

Any written notice of revocation must be sent to the attention of Carrie W. Ryan, Secretary, Compass Group Diversified Holdings LLC, Sixty One Wilton Road, Westport, Connecticut 06880 or by facsimile to (203) 221-8253.

APPROVAL OF PROPOSALS AND SOLICITATION

Each shareholder who owned shares of Trust stock on April 10, 2009, the record date for the determination of shareholders entitled to vote at the Annual Meeting, is entitled to one vote for each share of Trust stock. On April 10, 2009, we had 31,525,000 shares of Trust stock issued and outstanding that were held by approximately 7,000 beneficial holders.

Quorum

Under the Amended and Restated Trust Agreement of the Trust, dated April 25, 2006, as amended, which we refer to as the Trust Agreement, the shareholders present in person or by proxy holding a majority of the outstanding shares of Trust stock entitled to vote shall constitute a quorum at a meeting of shareholders of Compass Diversified Holdings. Holders of shares of Trust stock are the only shareholders entitled to vote at the Annual Meeting. Shares represented by proxies that are marked "abstain" will be counted as shares present for purposes of determining the presence of a quorum. Shares of Trust stock that are represented by broker non-votes will be counted as shares present for purposes of determining the presence of a quorum. A broker non-vote occurs when the broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power to vote on that proposal without specific voting instructions from the beneficial owner. All of the proposals described in this proxy are discretionary items.

If the persons present or represented by proxies at the Annual Meeting do not constitute a majority of the holders of outstanding Trust stock entitled to vote as of the record date, we will postpone the Annual Meeting to a later date.

Approval of Proposals

For the election of directors (Proposal 1), the affirmative vote of at least a plurality of the votes cast on such proposal is required. For the approval of the proposal to ratify the selection of Grant Thornton LLP as the independent auditor for the Trust and the Company (Proposal 2), the affirmative vote of at least a majority of the outstanding shares present in person or represented by proxy at the annual meeting is required. An abstention will not be counted as a vote cast. With the exception of certain business combinations, as such term is defined in the Trust Agreement, any other proposal that properly comes before the Annual Meeting must be approved by the affirmative vote of at least a majority of the votes cast. A broker non-vote would also not be counted as a vote cast.

Proposals 1 and 2 are both "discretionary" items. Nasdaq Global Select Market Exchange, which we refer to as Nasdaq, member brokers that do not receive instructions from beneficial owners may vote your shares in their discretion. We currently do not have any proposals that are "non-discretionary" items. In the case of non-discretionary items, member brokers may not vote on the proposal without specific voting instructions from beneficial owners, resulting in a broker non-vote.

Under the terms of the Second Amended and Restated Operating Agreement of Compass Group Diversified Holdings LLC, dated as of January 9, 2007, which we refer to as the LLC Agreement, and the Trust Agreement, with respect to those matters subject to vote by the members of the Company, the Company will act at the direction of the Trust. The Trust Agreement requires Compass Diversified Holdings to vote 100% of the limited liability interests of the Company, or the LLC interests, of which it is the sole holder, in the same proportion as the vote of holders of the Trust stock. In this way the voting rights of members of the Company will effectively be exercised by the shareholders of the Trust by proxy. The LLC Agreement provides that the members are entitled, at the annual meeting of members of the Company, to vote for the election of all of the directors other than the director, appointed by our manager, Compass Group Management LLC, which we refer to as our Manager. At this meeting, Class III directors will be elected in accordance with the LLC Agreement. See **PROPOSAL 1: ELECTION OF DIRECTORS** Board Composition for a description of Class III directors. The Trust will vote its LLC interests as directed at the Company's annual members' meeting promptly following the tabulation of votes cast at this Annual Meeting.

All votes will be tabulated by Innisfree, the proxy tabulator and inspector of election appointed for the Annual Meeting. Innisfree will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Solicitation of Proxies

We will bear the cost of the solicitation of proxies, including the preparation, printing and mailing of this proxy statement and the proxy card. We have also retained Innisfree to distribute copies of these proxy materials to banks, brokers, fiduciaries and custodians, or their agents, holding shares in their names on behalf of beneficial owners so

that they may forward these proxy materials to our beneficial owners.

We may supplement the original solicitation of proxies by mail with solicitation by telephone, telegram and other means by directors, officers and/or employees of our Manager. We will not pay any additional compensation to these individuals for any such services.

PROPOSAL 1: ELECTION OF DIRECTORS

Board Composition

Our board of directors, which we sometimes refer to as our Board, consists of seven directors, six of whom were initially appointed by our Manager, at the time of our initial public offering, and four of whom are the Company's independent directors. Our Board has the ability to decrease or increase the size of the board of directors to no less than five or up to thirteen directors, respectively. Six of our directors are elected by our shareholders and one director is appointed by our Manager. The Board is divided into three classes serving staggered three year terms. The terms of office of Classes I, II and III expire at different times in annual succession, with one class being elected at each annual meeting of shareholders. Messrs. Edwards and Lazarus are Class I members and will serve until the 2010 annual meeting. Messrs. Bottiglieri and Burns are Class II members and will serve until the 2011 annual meeting. Messrs. Day and Ewing are Class III members and are up for re-election at this year's annual meeting.

Pursuant to the LLC Agreement, as holder of the allocation interests, our Manager has the right to appoint one director to the Company's board of directors. Mr. Massoud, our Chief Executive Officer, was initially appointed as the Manager's appointed director and is currently serving as the director appointed by our Manager. Any appointed director will not be required to stand for election by the shareholders.

Director Independence

Pursuant to our governing documents, our Board will consist of at least a majority of independent directors at all times. Our Board has reviewed the materiality of any relationship that each of our directors has with the Trust or the Company, either directly or indirectly. Based on this review, the Board has determined that the following directors are independent directors as defined by the Nasdaq Global Select Market: Messrs. Burns, Edwards, Ewing and Lazarus.

Election of Directors

The Class III directors will be elected at the Annual Meeting and will serve a term that expires at our 2012 Annual Meeting. Messrs. Day and Ewing have been nominated for re-election as Class III directors. Each of Mr. Day and Mr. Ewing was nominated upon the recommendation of the nominating and corporate governance committee.

The following paragraphs describe the business experience and education of Messrs. Day and Ewing.

C. Sean Day has served as chairman of the board of directors of the Company since April 2006. Mr. Day is the president of Seagin International and was the chairman of our manager's predecessor from 1999 to 2006. Previously, Mr. Day was with Navios Corporation and Citicorp Venture Capital. Mr. Day is currently the chairman of the boards of directors of Teekay Corporation; Teekay Offshore GP LLC, the general partner of Teekay Offshore Partners LP; Teekay GP L.L.C., the general partner of Teekay LNG Partners LP; Teekay Tankers Limited and a member of the board of directors of Kirby Corporation, all NYSE listed companies. Mr. Day is a graduate of the University of Capetown and Oxford University.

D. Eugene Ewing has served as a director of the Company since April 2006. Mr. Ewing has been the managing member of Deeper Water Consulting, LLC, a private wealth and business consulting company since March, 2004. Previously, Mr. Ewing was with the Fifth Third Bank. Prior to that, Mr. Ewing was a partner in Arthur Andersen LLP. Mr. Ewing is on advisory boards for the business schools at Northern Kentucky University and the University of Kentucky. Mr. Ewing is also the chairman of the board of directors of CBS Personnel Holdings, Inc. and a director of a private trust company located in Wyoming. Mr. Ewing is a graduate of the University of Kentucky.

The following paragraphs describe the business experience and education of our Class I and II directors (not standing for re-election).

James J. Bottiglieri has served as a director of the Company since December 2005, as well as its chief financial officer since its inception on November 18, 2005. Mr. Bottiglieri has also been an executive vice president of our manager since 2005. Previously, Mr. Bottiglieri was the senior vice president/controller of WebMD Corporation. Prior to that, Mr. Bottiglieri was with Star Gas Corporation and a predecessor firm to KPMG LLP. Mr. Bottiglieri serves as a director for all of our subsidiary companies, except CBS Personnel Holdings, Inc. Mr. Bottiglieri is a graduate of Pace University.

Gordon Burns has served as a director of the Company since May 2008. Mr. Burns has been a private investor since 1998. Previously he was responsible for investment banking at UBS Securities and before that was a Managing

Director at Salomon Brothers Inc. Mr. Burns is a graduate of Yale University and the Harvard Business School.

Harold S. Edwards has served as a director of the Company since April 2006. Mr. Edwards has been the president and chief executive officer of Limoneira Company, an agricultural, real estate and community development company, since November 2004. Previously, Mr. Edwards was the president of Puritan Medical Products, a division of Airgas Inc. Prior to that, Mr. Edwards held management positions with Fisher Scientific International, Inc., Cargill, Inc., Agribands International and the Ralston Purina Company. Mr. Edwards is currently a member of the board of directors of Calavo Growers, Inc., a NASDAQ listed company. Mr. Edwards is a graduate of Lewis and Clark College and The American Graduate School of International Management (Thunderbird).

Mark H. Lazarus has served as a director of the Company since April 2006. Mr. Lazarus has been the president, media and marketing, of Career Sports and Entertainment since August 2008. Previously, Mr. Lazarus was the president of Turner Entertainment Group, overseeing TBS, Turner Network Television, Turner Classic Movies and Turner South, the Turner animation unit, from 2003 through 2008. Prior to that, Mr. Lazarus served in a variety of other roles for Turner Broadcasting and also worked for Backer, Spielvogel, Bates, Inc. and NBC Cable. Mr. Lazarus currently is a member of the boards of directors of Cincinnati Bell, a NYSE listed company, The High Museum of Art, the East Lake Foundation and is on the Board of Governors for Boys and Girls Clubs of America. Mr. Lazarus is a graduate of Vanderbilt University.

I. Joseph Massoud has served as a director of the Company since December 2005, as well as its chief executive officer since its inception on November 18, 2005. Mr. Massoud has also been the managing partner of our manager and its predecessor since 1998. Previously, Mr. Massoud was with Petroleum Heat and Power, Inc. Colony Capital, Inc., and McKinsey & Co. Mr. Massoud currently serves as a director for all of our subsidiary companies, as well as for Teekay GP L.L.C., the general partner of Teekay LNG Partners LP, a NYSE company. Mr. Massoud is a graduate of Claremont McKenna College and the Harvard Business School.

Recommendation of the Board

Our board of directors recommends that you vote **FOR** the election of Messrs. Day and Ewing to our Board as Class III directors for a term ending at our 2012 Annual Meeting.

PROPOSAL 2:

RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR

General

Our Board has recommended and asks that you ratify the selection of Grant Thornton LLP as independent auditor for the Company and the Trust for the fiscal year ending December 31, 2009. You would be so acting based on the recommendation of our audit committee.

Grant Thornton LLP was appointed by our audit committee to audit the annual financial statements for the fiscal years ended December 31, 2008 and December 31, 2007, respectively. Based on its past performance during these audits, the audit committee of the Board has selected Grant Thornton LLP as the independent auditor to perform the audit of our financial statements and internal control over financial reporting for 2009. Grant Thornton LLP is a registered public accounting firm. Information regarding Grant Thornton LLP can be found at: www.grantthornton.com.

The affirmative vote of a majority of the outstanding shares present in person or represented by proxy at the annual meeting is required to ratify the appointment of Grant Thornton LLP. If you do not ratify the selection of Grant Thornton LLP, our Board will reconsider its selection of Grant Thornton LLP and may, in its sole discretion, make a new proposal for independent auditor.

Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to questions.

Fees

The chart below sets forth the total amount billed to us by Grant Thornton LLP for services performed for fiscal years 2008 and 2007, respectively, and breaks down these amounts by category of service:

	2008	2007
Audit Fees (1)	\$ 2,548,410	\$ 2,485,073(4)
Audit-Related Fees (2)	612,546	405,844
Tax Fees	43,220	111,616
All Other Fees (3)	226,049	623,270
Total	\$ 3,430,225	\$ 3,625,803

(1) Audit Fees are fees billed by Grant Thornton LLP for professional services for the audit of our consolidated financial statements included in our annual reports on Form 10-K and for the review of financial statements included in our quarterly reports on Form 10-Q, or for services that are normally provided by the auditors in connection with statutory and regulatory filings or engagements.

(2) Audit-Related Fees are fees billed by Grant Thornton LLP

for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. The 2008 fees related to the audit of prior year financials of Staffmark Investment LLC which was acquired by our subsidiary, CBS Personnel Holdings, Inc. in January 2008. The 2007 fees were rendered in connection with our follow-on offering and for the review of other registration statements filed in 2007.

- (3) Other Fees are fees billed by Grant Thornton LLP for the performance of due diligence services. The 2008 fees related to diligence fees associated with two unsuccessful deals. The 2007 fees were comprised of \$167,516 for

our acquisition of American Furniture Manufacturing, Inc. completed in August 2007, \$251,371 for fees related to the acquisition by our subsidiary, CBS Personnel Holdings, Inc. of Staffmark Investment LLC in January 2008 and \$200,277 of diligence fees associated with two unsuccessful deals.

- (4) This amount has been revised from that amount shown in the 2008 Proxy to reflect updated information. The amount previously reported was \$2,329,906.

Pre-Approval Policies and Procedures

The audit committee has established policies and procedures for its appraisal and approval of audit and non-audit services. The audit committee has also delegated to the chairman of the committee the authority to approve additional audit and non-audit services and, subject to compliance with all applicable independence requirements, to approve the engagement of additional accounting firms to provide such services. The audit committee or its chairman has pre-approved all of the services provided by Grant Thornton LLP since its engagement. All other audit-related, tax and other fees may be approved by the audit committee prospectively.

In making its recommendation to ratify the selection of Grant Thornton LLP as independent auditor for the fiscal year ending December 31, 2009, the audit committee has considered whether the services provided by Grant Thornton LLP are compatible with maintaining the independence of Grant Thornton LLP and has determined that such services do not interfere with Grant Thornton LLP's independence.

Recommendation of the Board

Our board of directors recommends that, based on the recommendation of the audit committee, you vote **FOR** the ratification of the selection of Grant Thornton LLP to serve as independent auditor for the Company and the Trust for the fiscal year ending December 31, 2009.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**Certain Information Regarding our Directors and Executive Officers**

The name and age of each director, nominee and executive officer and the positions held by each of them as of March 31, 2009 are as follows:

Director	Age	Serving as Officer or Director Since	Position
C. Sean Day	59	2006	Chairman/Director
Gordon Burns	57	2008	Director
Harold S. Edwards	43	2006	Director
D. Eugene Ewing	60	2006	Director
Mark H. Lazarus	45	2006	Director
I. Joseph Massoud	41	2005	Director, Chief Executive Officer
James J. Bottiglieri	53	2005	Director, Chief Financial Officer

Board Meetings and Committees

Our Board met 10 times in total in 2008. All independent directors attended at least 75% of the combined Board and committee meetings on which they served in 2008.

The LLC Agreement gives our Board the authority to delegate its powers to committees appointed by the Board. All of our standing committees are composed solely of independent directors. Our committees are required to conduct meetings and take action in accordance with the directions of the Board, the provisions of our LLC Agreement and the terms of the respective committee charters. We have three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. Copies of all committee charters are available on our website at www.compassdiversifiedholdings.com, and in print from us without charge upon request by writing to Investor Relations at our principal executive offices at Sixty One Wilton Road, Westport, Connecticut 06880. The information on our website is not, and shall not be deemed to be, incorporated by reference into this proxy statement or incorporated into any other filings that the Company or the Trust makes with the Securities Exchange Commission, which we refer to as the SEC.

Audit Committee. The audit committee is comprised entirely of independent directors who meet the independence requirements of Nasdaq and Rule 10A-3 of the Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and includes at least one audit committee financial expert, as required by applicable SEC regulations. The audit committee is responsible for, among other things:

retaining and overseeing our independent accountants;

assisting the Company's board of directors in its oversight of the integrity of our financial statements, the qualifications, independence and performance of our independent auditors and our compliance with legal and regulatory requirements;

reviewing and approving the plan and scope of the internal and external audit;

pre-approving any audit and non-audit services provided by our independent auditors;

approving the fees to be paid to our independent auditors;

reviewing with our chief executive officer and chief financial officer and independent auditors the adequacy and effectiveness of our internal controls;

preparing the audit committee report to be filed with the SEC; and

reviewing and assessing annually the audit committee's performance and the adequacy of its charter.

Messrs. Edwards, Ewing and Burns serve on our audit committee, and the Board has determined that Mr. Ewing qualifies as an audit committee financial expert as defined by the SEC. The audit committee met 11 times during 2008.

Compensation Committee. The compensation committee is comprised entirely of independent directors who meet the independence requirements of Nasdaq. In accordance with the compensation committee charter, the members are outside directors as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, and non-employee directors within the meaning of Section 16 of the Exchange Act. The responsibilities of the compensation committee include:

reviewing our Manager's performance of its obligations under the Management Services Agreement;

reviewing the remuneration of our Manager and approving the remuneration paid to our Manager as reimbursement for the compensation paid by our Manager to our chief financial officer;

determining the compensation of our independent directors;

granting rights to indemnification and reimbursement of expenses to the Manager and any seconded individuals; and

making recommendations to the Board regarding equity-based and incentive compensation plans, policies and programs.

The compensation committee has not engaged compensation consultants to provide advice with respect to the form or amount of director compensation. During early 2009, the compensation committee conducted a survey of the director compensation practices of other companies that it considered roughly comparable to the Company and also considered the time commitment and related burdens of board service over the Company's history. Based upon the compensation committee's review, with the exception of the increase in the annual cash retainer to be paid to the chairman of our audit committee (as discussed in **DIRECTOR COMPENSATION** below), the compensation committee recommended to the full board that no changes be made in the amount or nature of director compensation.

Messrs. Edwards, Ewing and Lazarus serve on our compensation committee. The compensation committee met 3 times during 2008.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee is comprised entirely of independent directors who meet the independence requirements of Nasdaq. The nominating and corporate governance committee is responsible for, among other things:

recommending the number of directors to comprise the board of directors;

identifying and evaluating individuals qualified to become members of the board of directors, other than our Manager's appointed director and his or her alternate, and soliciting recommendations for director nominees from the chairman and chief executive officer of the Company;

recommending to the Board the director nominees for each annual shareholders' meeting, other than our Manager's appointed director;

recommending to the board of directors the candidates for filling vacancies that may occur between annual shareholders' meetings, other than our Manager's appointed director;

reviewing independent director compensation and Board processes, self-evaluations and policies;

overseeing compliance with our code of ethics and conduct by our officers and directors; and

monitoring developments in the law and practice of corporate governance.

Messrs. Burns, Edwards, and Lazarus serve on our nominating and corporate governance committee. The nominating and corporate governance committee met 4 times during 2008.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee are, or have been, an employee of the Company. During 2008, no member of our compensation committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. None of the Company's executive officers or members of the Company's board of

directors has served as a member of a compensation committee (or if no committee performs that function, the board of directors) of any other entity that has an executive officer serving as a member of the Company's board of directors or compensation committee.

Executive Sessions of our Board

Our corporate governance guidelines provide that the non-management directors will meet without management directors at regularly scheduled executive sessions at least quarterly and at such other times as they deem appropriate. The non-management directors meet in regularly scheduled executive sessions. The independent directors meet in executive session at least once annually. In accordance with our corporate governance guidelines, the chairman of the Board, audit committee, nominating and corporate governance committee or compensation committee will preside at these executive sessions of the non-management directors as determined by the non-executive directors based upon the subject matter to be discussed. Mr. Day presided, and continues to preside, over sessions of the non-management directors. Our non-management directors met 4 times during 2008.

Nominations of Directors

As provided in its charter, the nominating and corporate governance committee will identify and recommend to the Board nominees for election or re-election to the Board. In addition, the committee may review candidates for the Board recommended by executive search firms, the Company's management and other members of the Board who are not members of the committee, as well as candidates recommended by shareholders, in accordance with the following criteria and as discussed in **BOARD OF DIRECTORS AND EXECUTIVE OFFICERS** Shareholder Nominations of Directors below.

The nominating and corporate governance committee, in making its recommendations regarding Board nominees, may consider some or all of the following factors, among others:

the candidate's judgment, skill, and experience with other organizations of comparable purpose, complexity and size, and subject to similar legal restrictions and oversight;

the relationship of the candidate's experience to the experience of other Board members;

the extent to which the candidate would be a valuable addition to the Board and any committees thereof;

whether or not the person has any relationships that might impair his or her independence, including any business, financial or family relationships with the Manager or the Company's management; and

the candidate's ability to contribute to the effective management of the Company, taking into account the needs of the Company and such factors as the individual's experience, perspective, skills, and knowledge of the industries in which the Company operates.

In recommending candidates for election as directors, the nominating and corporate governance committee will also take into consideration the need for the board of directors to have a majority of directors that are independent under the requirements of Nasdaq and other applicable laws, and at least three directors that are independent under these requirements and are not appointed by the Manager pursuant to the terms of the Management Services Agreement or otherwise affiliated with our Manager.

In addition, the nominating and corporate governance committee will recommend candidates for election as directors based on the following criteria and qualifications:

Financial Literacy. Such person should be financially literate as such qualification is interpreted by the board of directors in its business judgment.

Leadership Experience. Such person should possess significant leadership experience, such as experience in business, finance/accounting, law, education or government, and shall possess qualities reflecting a proven record of accomplishment and ability to work with others.

Commitment to our Company's Values. Such person shall be committed to promoting our financial success and preserving and enhancing our reputation and shall be in agreement with our values as embodied in our code of ethics.

Absence of Conflicting Commitments. Such person should not have commitments that would conflict with the time commitments of a director of our Company.

Complementary Attributes. Such person shall have skills and talents which would be a valuable addition to the Board and any committees thereof and that shall complement the skills and talents of our existing directors.

Reputation and Integrity. Such person shall be of high repute and integrity.

Under the corporate governance guidelines, directors must inform the chairman of the Board and the chairman of the nominating and corporate governance committee in advance of accepting an invitation to serve on another public company board or any committee thereof.

Shareholder Nominations of Directors

To make a director nomination, a shareholder must give written notice to our Secretary at our principal executive office at Sixty One Wilton Road, Westport, Connecticut 06880, Attention: Investor Relations. To be considered for inclusion in our proxy statement for the 2010 Annual Meeting of Shareholders, shareholder nominations must be received by the Company no later than January 20, 2010. In order for a notice to be timely, it must be delivered to our Secretary at the principal executive office described in the preceding sentence not less than 120 days nor more than 150 days prior to the first anniversary of the preceding year's annual meeting. In the event that the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by a shareholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Trust.

When directors are to be elected at a special meeting, such notice must be given not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which a public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

In addition to any other requirements, for a shareholder to properly bring a nomination for director before either an annual or special meeting, the shareholder must be a shareholder of record on both the date of the shareholder's notice of nomination and the record date relating to the meeting.

The shareholder submitting the recommendation must submit:

the shareholder's name and address as they appear on the share register of the Trust, as well as the name and address of the beneficial owner, if any, on whose behalf the nomination is made;

the number of shares of Trust stock which are owned beneficially and of record by such shareholder and such beneficial owner, if any; and

a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons pursuant to which the recommendation is being made by the shareholder.

In addition, any such notice from a shareholder recommending a director nominee must include the following information:

the candidate's name, age, business address and residence address;

the candidate's principal occupation or employment;

the number of shares of Trust stock that are beneficially owned by the candidate;

a copy of the candidate's resume;

a written consent from the candidate to being named in the proxy statement as a nominee and to serving as director, if elected; and

any other information relating to such candidate that would be required to be disclosed in solicitations of proxies for election of directors under the federal securities laws, including Regulation 14A of the Exchange Act.

We may require any proposed nominee to furnish any additional information that we reasonably require to enable our nominating and corporate governance committee to determine the eligibility of the proposed nominee to serve as a director. Candidates are evaluated based on the standards, guidelines and criteria discussed above as well as other factors contained in the nominating and corporate governance committee's charter, our corporate governance guidelines, other of our policies and guidelines and the current needs of the Board.

DIRECTOR COMPENSATION

Our non-management directors each receive annual cash retainers of \$40,000, or \$60,000 if serving as the Company's chairman, payable in equal quarterly installments, as well as cash compensation for attendance at committee meetings and an annual retainer for service as committee chairman, both as described below. Directors (including the chairman) are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors or committees and for any expenses reasonably incurred in their capacity as directors. The Company also reimburses directors for all reasonable and authorized business expenses related to service to the Company by the directors in accordance with the policies of the Company as in effect from time to time.

Messrs. Edwards, Ewing and Lazarus have been independent directors since the closing of our initial public offering in May 2006. Mr. Burns has been an independent director since his election as a director at the 2008 annual meeting.

Each member of the Company's various standing committees also receives the following compensation related to service to these committees:

for attending a committee meeting in person (if any): \$2,000 for each meeting of the audit committee; \$2,000 for each meeting of the nominating and corporate governance committee; and \$2,000 for each meeting of the compensation committee; and

for attending a telephonic committee meeting (if any): \$1,000 for each meeting of the audit committee; \$1,000 for each meeting of the nominating and corporate governance committee; and \$1,000 for each meeting of the compensation committee.

The chairperson of the audit committee, nominating and corporate governance committee and compensation committee also receive an annual cash retainer of \$10,000, \$5,000 and \$5,000, respectively, payable in equal quarterly installments. Effective as of January 1, 2009, the annual cash retainer payable to the chairperson of the audit committee was increased to \$20,000, payable in equal quarterly installments.

Non-management directors also receive on or around January 1 of each year \$20,000, or \$30,000 if serving as the Company's chairman, of equity compensation. The non-management directors receive that number of shares of Trust stock that can be purchased with \$20,000 or \$30,000, as applicable, at the market price on the date of purchase.

The following table provides compensation paid or accrued by us to our directors in 2008:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non- Qualified	All other Compensation (\$)	Total
					Deferred Compensation Earnings (\$)		
C. Sean Day	\$ 60,000	\$ 30,000 ⁽¹⁾	\$	\$	\$	\$	\$ 90,000