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Compass Diversified Holdings Acquires Clean Earth Holdings Inc.

Accretive Platform Acquisition Expands Family of Niche Leading Businesses

WESTPORT, Conn., Aug. 7, 2014 /PRNewswire/ -- Compass Diversified Holdings (NYSE: CODI) ("CODI," "we," "our" or the "Company"), an owner of leading middle market businesses, announced that on August 7, 2014, it entered into an agreement to acquire Clean Earth Holdings Inc. ("Clean Earth"). The acquisition is expected to close by the end of August, subject to customary closing conditions.

Headquartered in Hatboro, Pennsylvania, Clean Earth provides environmental services for a variety of contaminated materials including soils, dredged material, hazardous waste and drill cuttings. The company analyzes, treats, documents and recycles waste streams generated in multiple end-markets such as power, construction, oil and gas, infrastructure, industrial and dredging. Treatment includes thermal desorption, dredged material stabilization, bioremediation, physical treatment/screening and chemical fixation. Before the company accepts contaminated materials, it identifies a third party "beneficially reuse" site such as commercial redevelopment or landfill capping where the materials will be sent after they are treated. In 2013, Clean Earth managed and treated 3.4 million tons of material, of which 98% was beneficially reused. The company holds the largest market share in the contaminated materials and dredged material management market and operates 12 permitted facilities in the Eastern U.S. For the year ended December 31, 2013, Clean Earth reported revenue of approximately \$155.9 million.

The purchase price for Clean Earth will be based on a total enterprise value of \$243 million and will also include cash and working capital adjustments upon closing. Clean Earth generated approximately \$32 million of EBITDA for the last twelve months ending June 30, 2014. In addition, Clean Earth incurs between approximately \$4 million and \$5 million in annual maintenance capital expenditures.

"Clean Earth represents a strong addition to our family of leading middle market businesses," said Alan Offenberg, CEO of Compass Diversified Holdings. "The company possesses the key characteristics that we seek in all of our businesses, including a strong and defensible market position, experienced management, solid cash flow and attractive growth potential. Clean Earth has a long and proven history operating an advanced network of full-service treatment facilities, providing turnkey soil solutions for customers across various end-markets. The company's stellar environmental and safety track record has enabled Clean Earth to build a premier reputation in the specialty waste industry. We intend to drive future performance by leveraging the company's market leadership and scalable infrastructure. We also plan to expand into new markets both organically and through strategic add-on acquisitions."

Mr. Offenberg added, "This attractive platform acquisition, which will increase the current number of businesses we own to eight upon closing, in addition to a 41% ownership interest in FOX, is expected to provide approximately twenty-eight to thirty-two cents per share of cash flow accretion on a full year basis. Going forward, we remain well capitalized to take advantage of additional acquisitions utilizing our disciplined approach to valuation and diligence as we have consistently done in the past."

Chris Dods, Chief Executive Officer of Clean Earth, will continue to serve in the same capacity at the company. Mr. Dods commented, "CODI's acquisition of Clean Earth provides an exciting opportunity that significantly enhances our future prospects. We plan to take advantage of CODI's parent-level financing structure and strong track record in growing niche leading business as we seek to further build upon our leadership position and 25 years of experience in processing nonhazardous and hazardous materials for beneficial reuse."

Additional information on the acquisition will be available on the Company's current report on Form 8-K that will be filed with the Securities and Exchange Commission shortly.

About Compass Diversified Holdings ("CODI")

CODI owns and manages a diverse family of established North American middle market businesses. Each of its current subsidiaries is a leader in its niche market.

CODI maintains controlling ownership interests in each of its subsidiaries in order to maximize its ability to impact long term cash flow generation and value. The Company provides both debt and equity capital for its subsidiaries, contributing to their financial and operating flexibility. CODI utilizes the cash flows generated by its subsidiaries to invest in the long-term growth

of the Company and to make cash distributions to its shareholders.

Our seven majority-owned subsidiaries are engaged in the following lines of business:

- | The manufacture of quick-turn, prototype and production rigid printed circuit boards (**Advanced Circuits**, www.advancedcircuits.com);
- | The design and manufacture of promotionally priced upholstered furniture (**American Furniture Manufacturing**, www.americanfurn.net);
- | The design and manufacture of medical therapeutic support surfaces and other wound treatment devices (**Anodyne Medical Device**, also doing business and known as **Tridien Medical**, www.tridien.com);
- | The manufacture of engineered magnetic solutions for a wide range of specialty applications and end-markets (**Arnold Magnetic Technologies**, www.arnoldmagnetics.com);
- | The design and manufacture of personal hydration products for outdoor, recreation and military use (**CamelBak Products**, www.camelbak.com);
- | The design and marketing of wearable baby carriers, strollers and related products (**Ergobaby**, www.ergobaby.com); and
- | The design and manufacture of premium home and gun safes (**Liberty Safe**, www.libertysafe.com).

In addition, we own approximately 41% of the common stock of Fox Factory Holding Corp. ("FOX", Nasdaq: FOXF), a former subsidiary business that completed its initial public offering in August 2013. FOX, www.ridefox.com, designs and manufactures high-performance suspension products primarily for mountain bikes, side-by-side vehicles, on-road and off-road vehicles and trucks, all-terrain vehicles, snowmobiles, specialty vehicles and applications, and motorcycles.

To find out more about Compass Diversified Holdings, please visit www.compassdiversifiedholdings.com.

This press release may contain certain forward-looking statements, including statements with regard to the future performance of the Company. Words such as "believes," "expects," "projects," and "future" or similar expressions, are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and some of these factors are enumerated in the risk factor discussion in the Form 10-K filed by CODI with the Securities and Exchange Commission for the year ended December 31, 2013 and other filings with the Securities and Exchange Commission. CODI undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SOURCE Compass Diversified Holdings

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