

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer			
1 Issuer's name		2 Issuer's employer identification number (EIN)	
Compass Diversified Holdings		57-6218917	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
James Ferrara	203-221-1703	jferrara@compassdiversified.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
301 Riverside Avenue		Westport, CT 06880	
8 Date of action		9 Classification and description	
01/26/23 and 01/30/23		Common Stock and Series A, B, C Preferred Stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
See Attached Stmt		See Attached Stmt	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On January 4, 2023, Compass Diversified Holdings Board of Directors declared a quarterly cash distribution of \$.25 per Common share payable on January 26, 2023.**

The Board also declared quarterly cash distributions of \$.453125 per Preferred A share, \$.4921875 per Preferred B share and \$.4921875 per Preferred C share payable on January 30, 2023.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **At this time, based on reasonable assumptions, Compass Diversified Holdings expects 100% of these distributions to be non-taxable return of capital.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **Compass Diversified Holdings' distributions and the determination of the tax character are based on the most current estimates of earnings and profits (E&P) available. According to Internal Revenue Code Sections 301(c) and 316(a), distributions are treated as a taxable dividend to the extent there is current and accumulated E&P. Distributions in excess of E&P are treated as non-taxable and are applied against and reduce the adjusted basis of the stock.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Sections 301 and 316

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ N/A

Blank lines for providing information regarding resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The amount of return of capital disclosed in this filing is based on an estimate using the most current estimated earnings and profits available. If there are any changes to earnings and profits at a later time, Compass Diversified Holdings will report an updated Form 8937 at that time.

Blank lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 1-11-2023

Print your name ▶ James Ferrara Title ▶ Senior Vice President of Taxes

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

**Attachment to IRS Form 8937
Report of Organizational Actions Affecting Basis of Securities
Compass Diversified Holdings**

Description	CUSIP # Number	Ticker Symbol
Common Stock	20451Q104	CODI
Preferred A	20451Q203	CODI PRA
Preferred B	20451Q302	CODI PRB
Preferred C	20451Q401	CODI PRC

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S federal income tax laws and regulations relating to the effects of the distribution to be paid to Common and Preferred shareholders of Compass Diversified Holdings on January 26, 2023 and January 30, 2023. The information provided does not constitute tax advice and does not purport to be complete or to describe the tax consequences that may apply to the Common or Preferred shareholders. The descriptions in questions 14-19 are being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. Please consult your tax advisor regarding the applicability and effect of all U.S. federal, state, local and foreign tax laws.