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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 5, 2007

COMPASS DIVERSIFIED TRUST

(Exact name of registrant as specified in its charter)

Delaware	**0-51937**	**57-6218917**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

(Exact name of registrant as specified in its charter)

Delaware	**0-51938**	**20-3812051**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

Sixty One Wilton Road
Second Floor
Westport, CT 06880
(Address of principal executive offices and zip code)
Registrant's telephone number, including area code: **(203) 221-1703**

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

(a) On January 5, 2007, Compass Group Diversified Holdings LLC (the "Company"), a subsidiary of Compass Group Diversified Trust (the "Trust" and, together with the Company, collectively "CODI," "us" or "we"), entered into a Stock Purchase, Redemption and Contribution Agreement (the "Stock Purchase Agreement") with Crosman Group, LLC ("Crosman Group"), an acquisition entity formed by Wachovia Capital Partners 2006, LLC, pursuant to which the Company, along with all other shareholders of Crosman Acquisition Corporation ("CAC"), sold all of the stock of its subsidiary, CAC, to Crosman Group. The total enterprise value for CAC was approximately $143 million.

The purchase price is subject to adjustment for certain changes in working capital of CAC and the total amount of debt that was paid off or assumed by CAC at the closing. The Stock Purchase Agreement contains customary representations, warranties, covenants and indemnification provisions.

CODI's share of the proceeds, after accounting for the redemption of CAC's minority holders and the payment of Compass Group Management LLC's (the "Manager") profit allocation, was approximately $110 million. This amount was in respect of the repayment in full of all of CAC's debt to CODI and the partial purchase and partial redemption of all of the equity interest of CODI in CAC. It is anticipated that CODI will recognize a gain of between $28 million and $30 million, after allocation of profits to the Manager and payment of expenses. $85 million of CODI's net proceeds were used to repay amounts outstanding and accrued interest under the CODI's revolving credit facility with Madison Capital Funding LLC, as agent ("Madison"). It is anticipated that the remaining net proceeds from the Stock Purchase Agreement will be invested in short term investment securities pending future application for partial funding of future acquisitions when identified.

The Company's shareholders of record on January 5, 2007 will each be allocated their share of the gain resulting from the sale and redemption of the Company's interest in CAC.

Shareholders are encouraged to consult with their own tax advisors with respect to the application of tax laws to their particular circumstances.

This disclosure contains only a summary of certain provisions of the Stock Purchase Agreement described above. The summary does not purport to be a complete summary of such agreement and is qualified by reference to the Stock Purchase Agreement, which is attached hereto as Exhibit 10.1 and is incorporated by reference herein. The Stock Purchase Agreement contains representations, warranties and other provisions that are qualified by reference to disclosure schedules that have not been filed with the Stock Purchase Agreement. These representations and warranties were made to provide the parties thereto with specific rights and obligations and to allocate risk among them, and they should not be relied upon for business or operational information about any of the parties or their affiliates. CODI issued a press release announcing this transaction on January 8, 2007. The press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

(b) On January 4, 2007, the Company approved an amendment to the Amended and Restated Operating Agreement of Compass Group Diversified Holdings LLC dated as of April 25, 2006. The amendment, which was executed by the Company and the Manager on January 9, 2006, clarifies in a manner beneficial to the shareholders of CODI certain definitions related to the method of calculating the "hurdle" that the Company must achieve before the Manager is entitled to participate in the profits of the Company under the profit allocation. The Company and the Manager agreed that these technical amendments are necessary to effectuate the intent of both the Company and the Manager with respect to the profit allocation, and but for these amendments, the existing definitions could be read to accelerate the moment at which the "hurdle" would be achieved in a manner detrimental to the shareholders of CODI. A copy of the Second Amended and Restated Operating Agreement of Compass Group Diversified Holdings LLC dated as of January 9, 2007 is attached hereto as Exhibit 10.2 and is incorporated by reference herein.

Section 2 Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information set forth in Item 1.01 above with respect to the Stock Purchase Agreement is incorporated herein in its entirety.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(b) Pro forma financial information.

With respect to the information set forth in Item 1.01 above relating to the Stock Purchase Agreement, the unaudited pro forma condensed consolidated financial statements as of September 30, 2006 and for the nine months ended September 30, 2006 are attached hereto as Exhibit 99.2 and incorporated by reference herein.

(d)	Exhibits.
10.1	Stock Purchase, Redemption and Contribution Agreement dated as of January 5, 2007
10.2	Second Amended and Restated Operating Agreement of Compass Group Diversified Holdings LLC dated as of January 9, 2007
99.1	Press Release dated January 8, 2007
99.2	Unaudited pro forma Condensed Consolidated Financial Statements as of September 30, 2006 and for the nine months ended September 30, 2006

SIGNATURES

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

Date: January 10, 2007

COMPASS DIVERSIFIED TRUST

By: /s/ James J. Bottiglieri
Regular Trustee

SIGNATURES

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

Date: January 10, 2007

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ James J. Bottiglieri
James J. Bottiglieri
Chief Financial Officer

Exhibit 10.1

Stock Purchase, Redemption and Contribution Agreement

by and among

Compass Group Diversified Holdings LLC, Norwest Mezzanine Partners I, LP
and the other shareholders party hereto
(collectively, the "Sellers");

Compass Group Diversified Holdings LLC
(the "Sellers' Representative");

Crosman Acquisition Corporation
("CAC");

and

Crosman Group LLC
(the "Buyer")

Dated as of January 5, 2007

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Exhibit A Wire Transfer Instruction Form
Exhibit B Amended and Restated LLC Agreement
Exhibit C Amendment to Employment Agreement
Exhibit D Indemnification Agreement

STOCK PURCHASE, REDEMPTION AND CONTRIBUTION AGREEMENT

This Stock Purchase, Redemption and Contribution Agreement (this "Agreement") is made as of January 5, 2007 by and among **COMPASS GROUP DIVERSIFIED HOLDINGS LLC**, a Delaware limited liability company ("CODI"), **NORWEST MEZZANINE PARTNERS I, LP**, a Minnesota limited partnership ("Norwest"), **KENNETH R. D'ARCY** ("D'Arcy"), **ROBERT BECKWITH** ("Beckwith"), **STEVE UPHAM** ("Upham"), **DAN SCHULTZ** ("Schultz"), **ROBERT HAMPTON** ("Hampton") (CODI, Norwest, D'Arcy, Beckwith, Upham, Schultz, Hampton and the other individual shareholders party hereto, collectively referred to herein as the "Sellers"), **CROSMAN ACQUISITION CORPORATION**, a Delaware corporation ("CAC"), **COMPASS GROUP DIVERSIFIED HOLDINGS LLC**, as representative of the Sellers (in such capacity, the "Sellers' Representative"), and **CROSMAN GROUP LLC**, a Delaware limited liability company (the "Buyer").

RECITALS

A. This Agreement provides for (a) the contribution of the Rollover Shares by the Rollover Shareholders to Buyer in exchange for $2,316,500 (the "Rollover Amount") worth of equity interests of Buyer in a transaction intended to qualify as a tax-free contribution pursuant to IRC §721, (b) the contribution of up to $35,683,500 to Buyer (the "Equity Financing") by Wachovia Capital Partners 2006, LLC ("WCP") and certain other Persons in exchange for equity interests of Buyer, (c) the acquisition by Buyer of the Purchased Shares with the proceeds of the Equity Financing, and (d) the redemption by CAC of the Redeemed Shares with a portion of proceeds of Debt Financing Proceeds.

B. The Rollover Shares, Purchased Shares and Redeemed Shares constitute all of the issued and outstanding shares of capital stock (the "Shares") of CAC.

C. CAC is the sole shareholder of Crosman Corporation, a Delaware corporation (the "Company").

AGREEMENT

The parties, intending to be legally bound, agree as follows:

1. Definitions

For purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 1:

"Accounts Receivable" shall have the meaning set forth in Section 3.8.

"Adjusted Current Assets" means the aggregate amount of the current consolidated assets of the Companies shown on the Working Capital Closing Statement

as such current assets are calculated as of the close of business on the business day immediately preceding the Closing Date in accordance with the Working Capital Methodology, but including Cash and excluding, to the extent included in such current consolidated assets, (a) any deferred or current income tax assets, (b) any 2007 Tax Refund amount, (c) any interest accrued on or principal of the Promissory Notes, (d) any pre-paid fees or expenses in connection with the Management Services Agreement, and (e) any sums due to any of the Companies from any of the other Companies that appear as "current assets" on the Working Capital Closing Statement. For purposes of determining the Adjusted Current Assets, the assets of Diablo shall be excluded for all purposes, including any asset reflected on the books and records of any of the other Companies related to an investment in Diablo; provided, that, the Diablo Receivable shall be included in the Adjusted Current Assets. For this purpose the "Diablo Receivable" shall mean the amount payable as of the close of business on the business day immediately preceding the Closing Date by Diablo to the Company pursuant to the Diablo Membership Agreement with respect to the 5% commission payable to the Company for the provision of management and administrative services to Diablo.

"Adjusted Current Liabilities" means the aggregate amount of the current consolidated liabilities of the Companies shown on the Working Capital Closing Statement as such current liabilities are calculated as of the close of business on the business day immediately preceding the Closing Date in accordance with the Working Capital Methodology, but excluding, to the extent included in such current consolidated liabilities, (a) any Indebtedness of the Companies, (b) any sums owed by any of the Companies to any of the other Companies that appear as "current liabilities" on the Working Capital Closing Statement, (c) any deferred or current income tax liabilities, (d) any 2007 Tax Obligation amount, (e) any of the Company Transaction Expenses and (f) any D'Arcy Interest Bonus. For purposes of determining the Adjusted Current Liabilities, the Liabilities of Diablo shall be excluded for all purposes. For the avoidance of doubt, the Adjusted Current Liabilities shall include, to the extent accrued in accordance with the Working Capital Methodology but not paid as of the Closing, (i) the 2007 Year End Bonuses and (ii) all employer paid payroll Taxes due or payable with respect to compensation payable on or prior to the Closing Date, including with respect to the D'Arcy Interest Bonus.

"***Adjusted Equity Value***" means $140,000,000 increased or decreased, as the case may be, by the Adjustment Amount.

"Adjusted Net Working Capital" means the amount (which amount may be positive or negative) equal to Adjusted Current Assets *less* Adjusted Current Liabilities.

"Adjustment Amount" means the amount (which amount may be positive or negative) equal to the Adjusted Net Working Capital *less* the Reference Net Working Capital.

"Amended and Restated LLC Agreement" shall have the meaning set forth in Section 2.4(b).

"Applicable Contract" means any Contract (a) under which any of the Companies has or may acquire any rights, (b) under which any of the Companies has or may become subject to any obligation or liability, or (c) by which any of the Companies or any of the assets owned or used by any of them is or may become bound.

"Assumed Debt" means the Indebtedness associated with the Capitalized Leases as of the Closing Date.

"Balance Sheet" - as defined in Section 3.4.

"Breach" means a "Breach" of a representation, warranty, covenant, obligation or other provision of this Agreement or any instrument delivered pursuant to this Agreement will be deemed to have occurred if there is or has been any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation or other provision, and the term "Breach" means any such inaccuracy, breach, failure, claim, occurrence or circumstance.

"Buyer" - as defined in the first paragraph of this Agreement.

"Buyer Indemnified Persons" - as defined in Section 10.2.

"Buyer's Transaction Expenses" means all costs and expenses incurred by or on behalf of Buyer and its affiliates in connection with the preparation, execution and performance of this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, including, without limitation, all fees and out of pocket expenses of such entities' Representatives, and the fees and expenses due in connection with any debt or equity financing arranged by or for the benefit of Buyer.

"CAC" - as defined in the first paragraph of this Agreement.

"***CAC Options***" means the options to purchase 30,000 shares of Common Stock pursuant to that certain Stock Option Agreement dated February 10, 2004 by and between CAC and D'Arcy.

"Capitalized Leases" means the capitalized leases of the Companies set forth on Schedule 1.1.

"Cash" means the cash and cash equivalents of the Companies as of the close of business on the business day immediately preceding the Closing Date as shown on the Working Capital Closing Statement calculated in accordance with GAAP. For the avoidance of doubt, Cash shall (i) be reduced by checks and drafts written by the Companies but not yet cleared, (ii) exclude any Cash of Diablo and (iii) exclude the Debt Financing Proceeds.

"***Change of Control Payments***" means all change in control, stay-pay, bonus or other similar payments to any current or former employees, officers, directors or

managers of CAC or any of its Subsidiaries arising as a result of the transactions contemplated by this Agreement, (i) including, without limitation, any of the foregoing obligations of CAC or any of its Subsidiaries arising under any employment agreement or otherwise and (ii) excluding the D'Arcy Interest Bonus.

"Claim" shall have the meaning set forth in Section 12.14.

"Closing" - as defined in Section 2.4.

"Closing Date" means the date on which the Closing actually takes place.

"Closing Statement" has the meaning set forth in Section 2.3(h).

"CODI" – as defined in the first paragraph to this Agreement.

"Common Stock" means the common stock, par value of $0.01 per share, of CAC.

"Companies" means CAC, the Company and the Company's Subsidiaries, collectively.

"Company" - as defined in the Recitals of this Agreement.

"Company Transaction Expenses" means all costs and expenses incurred on or prior to the Closing by any of the Companies on behalf of the Companies or the Sellers in connection with the preparation, execution and performance of this Agreement and the other Transaction Documents and the Contemplated Transactions, including, without limitation, (i) the Harris Williams Fee Amount, (ii) all fees and out of pocket expenses of any of the Companies and their respective Representatives and (iii) the fees and expenses (in an amount not in excess of $16,000) of Stradling Yocca Carlson & Rauth, but specifically excluding Buyer's Transaction Expenses.

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of August 11, 2006, between CODI and the Buyer, as the same may be amended, supplemented or otherwise modified from time to time.

"Consent" means any approval, consent, ratification, license, permit, waiver or other authorization (including any Governmental Authorization).

"Contemplated Transactions" means all of the transactions contemplated by this Agreement, including:

(a) the contribution of the Rollover Shares to Buyer;

(b) the purchase of the Purchased Shares by Buyer;

(c) the redemption of the Redeemed Shares by CAC; and

(d) the performance by Buyer, CAC and the Sellers of their respective covenants and obligations under this Agreement.

"Contingent Securities" shall have the meaning set forth in Section 3.3.

"Contract" means any agreement, contract, employment agreement, indenture, note, bond, loan, instrument, lease, conditional sales contract, mortgage, license, franchise agreement, commitment, obligation, promise, or undertaking, whether written or oral, that is legally binding, including all amendments thereto.

"Credit Agreements" means (i) that certain Credit Agreement, dated as of the Closing Date, by and between the Company, as borrower, and Manufacturers and Traders Trust Company, as lender and (ii) that certain Note Purchase Agreement by and among the Companies (other than Diablo), Blackstone Mezzanine Partners II L.P. and Blackstone Mezzanine Holdings II L.P.

"Damages" - as defined in Section 10.2.

"***D'Arcy Interest Bonus"*** shall mean the amount payable to D'Arcy pursuant to the last sentence of Section 2.02 of the Employment and Non-Competition Agreement by and between D'Arcy and the Company, which amount is $102,515.36 on the Closing Date.

"Debt Financing Proceeds" means funds received by the Companies in connection with the closing of the transactions contemplated by the Credit Agreements.

"Debt Payoff Amount" means the amount necessary to fully discharge the Debt to be Repaid on the Closing Date.

"Debt to be Repaid" means all Indebtedness of the Companies (including any pre-payment or repayment fees, penalties and expenses) outstanding immediately prior to the Closing of the Companies including, without limitation, under (i) that certain Credit Agreement, dated as of May 16, 2006, by and between the Company, and CODI, as lender (as amended through the Closing Date), (ii) that certain Line of Credit Agreement dated as of June 7, 2006, by and between the Company and Manufacturers and Traders Trust Company, as lender (as amended through the Closing Date) (the "***Line of Credit***") and (iii) any other Contract but specifically excluding any Assumed Debt.

"Diablo" means Diablo Marketing LLC, a Delaware limited liability company

"***Diablo Loan Agreements***" means (i) that certain Credit Facility Agreement between Diablo and Manufacturers and Traders Trust Company dated April 9, 2002 (as amended through November 17, 2003) and (ii) those certain Unlimited Guaranty and Indemnity Agreements dated as of April 9, 2002 by and between each of CAC and the Company and Manufacturers and Traders Trust Company as reaffirmed in those certain

Reaffirmations of Guaranty with Limitation dated November 17, 2003 by each of CAC and the Company in favor of Manufacturers and Traders Trust Company.

"Disclosure Letter" means the disclosure letter delivered by Sellers to Buyer concurrently with the execution and delivery of this Agreement.

"Employee Benefit Plan" – as defined in Section 3.11(a).

"Encumbrance" means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal lease, license, easement, restrictive covenant, encumbrance, sublease or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"Environment" means soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life and any other environmental medium or natural resource.

"Environmental, Health and Safety Liabilities" means any obligations or Liabilities (including any claims, suits or other assertions of obligations or liabilities) that are:

(a) related to environmental, health or safety issues (including on-site or off-site contamination by Hazardous Materials of surface or subsurface soil or water); and

(b) based upon or related to (i) any Environmental Law or (ii) any Order imposed by any Governmental Body with respect to any Environmental Law.

"Environmental Law" means any Legal Requirement that addresses, is related to or is otherwise concerned with environmental, health or safety issues, including any Legal Requirement relating to any emissions, releases or discharges of Hazardous Materials into the Environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling, clean-up or control of Hazardous Materials.

"Equity Financing" – as defined in the Recitals to this Agreement.

"Equity Value" means an amount equal to $140,000,000, as further increased or decreased on a dollar-for-dollar basis for the cumulative net adjustments required by the following:

(1) The amount shall be decreased by the Debt Payoff Amount;

(2) The amount shall be decreased by the amount of the Assumed Debt as of the Closing Date;

(3) The amount shall be increased by the amount, if any, of the Promissory Notes (including all accrued interest) to the extent remaining unpaid on the Closing Date;

(4) The amount shall be increased or decreased, as the case may be, by the amount that is equal to the Estimated Adjustment Amount (increased where such amount is positive and decreased where such amount is negative);

(5) The amount shall be increased by the amount, if any, of the 2007 Estimated Tax Refund;

(7) The amount shall be decreased by the amount, if any, of the 2007 Estimated Tax Obligation;

(8) The amount shall be decreased by the amount of the D'Arcy Interest Bonus;

(9) The amount shall be deceased by the Option Termination Payment; and

(10) The amount shall be decreased by the Company Transaction Expenses to the extent remaining unpaid at the Closing.

"ERISA" means the Employee Retirement Income Security Act of 1974 or any successor law, and regulations and rules issued pursuant to that Act or any successor law, as may be amended from time to time.

"ERISA Affiliate" — as defined in Section 3.11(d).

"Estimated Adjustment Amount" – as defined in Section 2.3(b).

"Estimated Working Capital Closing Statement" – as defined in Section 2.3(b).

"Facilities" means any real property, leaseholds or other interests currently or formerly owned or operated by the Companies and any buildings, plants, structures or equipment (including motor vehicles, tank cars and rolling stock) currently or formerly owned or operated by the Companies.

"Federal Tax Audit Amount" means $128,000, an estimate of the amount due to the IRS in respect of the federal Tax audit for the year ended June 30, 2004.

"Financial Statements" – as defined in Section 3.4.

"GAAP" means generally accepted United States accounting principles.

"Governmental Authorization" means any Consent issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" means any:

(a) nation, state, county, city, town, village, district or other jurisdiction of any nature;

(b) federal, state, local, municipal, foreign or other government;

(c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal);

(d) multi-national organization or body; or

(e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"Harris Williams Fee Amount" means the amount of the fees, expenses and other payments due and owing, or that may become due and owing, to Harris Williams LLC d/b/a Harris Williams & Co. pursuant to the engagement letter dated June 15, 2006 between CAC and Harris Williams & Co. or otherwise arising out of or in connection with the Contemplated Transactions.

"Hazardous Activity" means the distribution, generation**,** handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment or use (including any withdrawal or other use of groundwater) of Hazardous Materials in, on, under, about or from the Facilities or any part thereof into the Environment.

"Hazardous Materials" means, without limitation, any combustible substances, ignitable substances, flammable substances, corrosive substances, reactive substances, explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum based products, methane, and hazardous materials, hazardous chemicals, hazardous wastes, pollutants, hazardous or toxic substances, as defined in or regulated under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Resource Conservation and Recover Act, as amended (42 U.S.C. Section 6901, et. seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et. seq.), the Federal Water Pollution Control Act, as amended (33 U.S. C. Sections 1251, 1321(b)(2)(A) and 1362(6)), or any other applicable Environmental Law, including any mixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

"Holdback Amount" means $50,000, together with all interest accrued thereon.

"Holdback Percentages" means, with respect to each Seller (other than CODI and Norwest), the percentage set forth opposite such Seller's name on Schedule 12.14.

"Indebtedness" means, with respect to the Companies, (i) any indebtedness for borrowed money, whether short term or long term, (ii) any indebtedness arising under Capitalized Leases, conditional sales contracts and other similar title retention instruments, (iii) all Liabilities secured by any Encumbrance on any property owned by the Companies; (iv) all Liabilities under any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement or other similar agreement designed to protect the Companies against fluctuations in interest rates, (v) all indebtedness for the deferred purchase price of property, or the deferred purchase price for services, (vi) all interest, fees, charges, prepayment premiums and penalties, and other expenses owed with respect to Indebtedness described in the foregoing clauses (i) through (v), and (vii) all Indebtedness referred to in the foregoing clauses (i) through (vi) which is directly or indirectly guaranteed by any of the Companies in any manner, including but not limited to, an agreement, contingent or otherwise, to supply funds to, or in any other manner invest in, the debtor, or to purchase Indebtedness, or to purchase and pay for property if not delivered or pay for services if not performed, primarily or exclusively, for the purpose of enabling the debtor to make payment of the Indebtedness or to insure the owners of the Indebtedness against loss. Notwithstanding the foregoing, (i) any obligations of the Companies under the Diablo Loan Agreements and (ii) any obligations of the Companies with respect to the letter of credit in the amount of $195,000 currently outstanding under the Line of Credit shall, in each case, not be considered Indebtedness for purposes of this Agreement.

"Indemnification Basket" – as defined in Section 10.5(a).

"Indemnification Cap" – as defined in Section 10.5(a).

"Intellectual Property Assets" - as defined in Section 3.19(a).

"Intellectual Property Rights" mean (a) all copyright rights under the copyright laws of the United States and all other countries for the full term thereof (and including all rights accruing by virtue of bilateral or international copyright treaties and conventions), including, but not limited to, all renewals, extensions, reversions or restorations of copyrights now or hereafter provided for by law and all rights to make applications for copyright registrations and recordations, regardless of the medium of fixation or means of expression; (b) all rights to and under all new and useful inventions, discoveries, designs, technology and art, including, but not limited to, all improvements thereof and all know-how related thereto, including all letters patent and patent applications in the United States and all other countries (and all letters patent that issue therefrom) and all reissues, reexaminations, extensions, renewals, divisions and continuations (including continuations-in-part and continuing prosecution applications) thereof, for the full term thereof; (c) all trademark and service mark applications and

registrations to issue therefrom under all trademark laws of the United States and all other countries for the full term thereof; (d) Internet domain names and applications therefore and URLs; (e) electronic or other databases, to the extent protected by intellectual property or other law in any jurisdiction; (f) all trade secrets; (g) all confidential information; (h) all know-how; and (i) all worldwide intellectual property rights, industrial property rights and proprietary rights not otherwise included in the foregoing, including, without limitation, all trade dress, algorithms, concepts, processes, methods and protocols.

"Interim Balance Sheet" - as defined in Section 3.4.

"IRC" means the Internal Revenue Code of 1986, as amended, or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

"IRS" means the United States Internal Revenue Service or any successor agency and, to the extent relevant, the United States Department of the Treasury.

"Knowledge" means regarding any matter in question (i) with respect to the Companies (or any of them), if any of D'Arcy, Upham, Beckwith or Schultz has actual knowledge of the matter in question after reasonable investigation and (ii) with respect to any other Person, if such Person has actual knowledge of the matter in question after reasonable investigation.

"Labor Laws" shall have the meaning set forth in Section 3.18(d).

"Legal Requirement" means any federal, state, local, municipal, foreign, international, multinational or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute or treaty.

"***Liability***" means all liabilities and obligations (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due).

"***Management Services Agreement***" means that certain Management Services Agreement dated as of February 10, 2004 by and between the Company and Kilgore Consulting III LLC (as assigned to Compass Group Management LLC), as amended.

"Material Adverse Effect" means any change or effect that, when taken individually or together with all other adverse changes or effects has or will have a material adverse effect on the assets, properties, business, results of operations or financial condition of the Companies, taken as a whole.

"***Midwest Walnut Claim***" means the matter set forth as item 2 of Part 3.13(a) of the Disclosure Letter and any cause of action, suit, demand or claim (whether at law or equity), Proceeding, filed or to be filed in connection with such matter, and any Proceeding resulting from a remand, reversal or appeal related to such matter.

"Minimum Funding Plan" – as defined in Section 3.11(a).

"Multiemployer Plan" – as defined in Section 3.11(d).

"Norwest" - as defined in the first paragraph of this Agreement.

"Option Termination Payment" – as defined in Section 2.3(f).

"Order" means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any court, administrative agency or other Governmental Body or by any arbitrator.

"Ordinary Course of Business" - an action taken by a Person will be deemed to have been taken in the "Ordinary Course of Business" only if:

(a) such action is consistent with the past practices of such Person and is taken in the ordinary course of such Person's normal operations and practices; and

(b) such action is not required to be authorized by the board of directors of such Person (or by any Person or group of Persons exercising similar authority) and is not required to be specifically authorized by the parent company (if any) of such Person.

"Organizational Documents" means, with respect to any corporation, its articles or certificate of incorporation and its bylaws and, with respect to any other Person, its charter or similar document adopted or filed in connection with its creation, formation or organization, in each case including any amendments thereto and as currently in effect.

"Owned Real Property" shall have the meaning set forth in Section 3.6.

"Pension Plan" has the meaning given in ERISA § 3(2)(A).

"Permitted Encumbrances" means (i) liens securing current Taxes, assessments, fees or other governmental charges or levies not yet delinquent; (ii) minor imperfections of title, easements, encroachments, covenants, rights of way, minor defects, irregularities or Encumbrances that do not and would not, individually or in the aggregate, reasonably be expected to impair in any material respect the operations of the business of the Companies, taken as a whole; (iii) inchoate mechanics and materialmen's liens for construction in progress; (iv) liens of warehousemen and carriers arising in the Ordinary Course of Business; (v) liens incurred or deposits made in the Ordinary Course of Business in connection with workers' compensation, unemployment insurance, social security and other similar laws which are not material, individually or in the aggregate; (vi) Encumbrances securing equipment leases arising in the Ordinary Course of Business; and (vii) such other Encumbrances, if any, identified in that certain title insurance policy issued by Fidelity National Title Insurance Company on or about the Closing Date with commitment number 5506-25202.

"Per Share Equity Value" means the quotient obtained by dividing (x) the Equity Value by (y) 577,232 (i.e. the number of Shares outstanding and expressly excluding the aggregate number of shares of Common Stock into which the CAC Options are exercisable, in each case, immediately prior to the Closing).

"Person" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Body.

"Personal Property" – as defined in Section 3.6(b).

"Privacy Rules" means the privacy rules set forth in 45 Code of Federal Regulations Parts 160 and 164, as promulgated under the HIPAA.

"Product Liability Claims" shall have the meaning set forth in Section 3.24(a).

"Pro Rata Percentage" means, with respect to each Seller, the percentage expressed by the quotient obtained by dividing (x) the total number of Shares owned by such Seller immediately prior to the Closing by (y) 577,232 (i.e. the number of Shares outstanding immediately prior to the Closing). The Pro Rata Percentage of each Seller is set forth on Schedule 1.2.

"Proceeding" means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Promissory Notes" means (i) that certain Promissory Note dated April 23, 2004 by Beckwith for the benefit of CAC in the principal amount of $149,987.34, (ii) that certain Amended and Restated Promissory Note dated February 10, 2004 by D'Arcy for the benefit of CAC in the principal amount of $504,763.82, (iii) that certain Promissory Note dated April 23, 2004 by Schultz for the benefit of CAC in the principal amount of $149,987.34, (iv) that certain Promissory Note dated April 23, 2004 by Upham for the benefit of CAC in the principal amount of $149,987.34, and (v) that certain Promissory Note dated November 22, 2005 by Hampton for the benefit of CAC in the principal amount of $150,000.

"Proprietary Rights Agreement" – as defined in Section 3.18(b).

"Purchased Shares" means, with respect to the Shares owned by CODI as set forth in Part 3.3 of the Disclosure Letter, the quotient obtained by dividing the amount of the Equity Financing by the Per Share Equity Value as determined on the Closing Date.

"Qualified" means any representation, warranty, obligation, covenant or other agreement, as applicable, which is subject to a "materiality", "material", "Material Adverse Effect", "in all material respects", "significant" or similar qualification.

"Qualified Plan" – as defined in Section 3.11(d).

"Real Property Laws" shall have the meaning set forth in Section 3.6.

"Redeemed Shares" means (i) with respect to CODI, that number of Shares owned by CODI as set forth in Part 3.3 of the Disclosure Letter less the number of Purchased Shares of CODI, (ii) with respect to a Rollover Shareholder, that number of Shares owned by such Rollover Shareholder as set forth in Part 3.3 of the Disclosure Letter less the number of Rollover Shares of such Rollover Shareholder and (iii) with respect to any Seller other than CODI and the Rollover Shareholders, that number of Shares owned by such Seller as set forth in Part 3.3 of the Disclosure Letter.

"Reference Net Working Capital" means $27,500,000, which amount has been calculated in accordance with the Working Capital Methodology. A detailed calculation of the Reference Net Working Capital is included with the Working Capital Methodology on Schedule 1.3.

"Related Person" means with respect to a particular individual:

(a) each other member of such individual's Family;

(b) any Person that is directly or indirectly controlled by such individual or one or more members of such individual's Family;

(c) any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest; and

(d) any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer, partner, executor or trustee (or in a similar capacity).

With respect to a specified Person other than an individual:

(a) any Person that directly or indirectly controls, or is directly or indirectly controlled by, such specified Person;

(b) any Person that holds a Material Interest in such specified Person;

(c) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity);

(d) any Person in which such specified Person holds a Material Interest;

(e) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); and

(f) any Related Person of an individual described in clause (b) or (c).

For purposes of this definition, (a) the "Family" of an individual includes (i) the individual, (ii) the individual's spouse, (iii) a parent, child, sibling, nephew or niece of the individual or the individual's spouse, and (iv) any other natural person who resides with such individual and (b) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of voting securities or other voting interests representing at least 20% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 20% of the outstanding equity securities or equity interests in a Person.

"Release" means any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping or other releasing into the Environment, whether intentional or unintentional.

"Releasee" or ***"Releasees"*** shall have the meaning set forth in Section 2.6.

"Released Claims" shall have the meaning set forth in Section 2.6.

"Relevant Period" – as defined in Section 3.11(a).

"Representative" means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

"Rollover Amount" – as defined in the Recitals of this Agreement.

"Rollover Shareholders" means D'Arcy, Beckwith, Upham, Schultz, Hampton, Ed Schultz, Danny Gainor, John Mooney, A. Wesley Bailey, Roy Stefanko, Athena Jamesson, Kathryn Chapman and John Goff.

"Rollover Shares" means, with respect to Shares owned by each Rollover Shareholder as set forth on Part 3.3 of the Disclosure Letter, the quotient obtained by dividing (x) the amount set forth opposite such individual's name on Schedule 2.1 by (y) the Per Share Equity Value as determined on the Closing Date.

"Securities Act" means the Securities Act of 1933, as amended, or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

"Selected Accounting Firm" - as defined in Section 2.5(d).

"Sellers" - as defined in the first paragraph of this Agreement.

"Sellers' Representative" - as defined in the first paragraph of this Agreement.

"Shares" - as defined in the Recitals of this Agreement.

"Subsidiary" means, with respect to any Person (the "Owner"), any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the Owner or one or more of its Subsidiaries. Notwithstanding the foregoing, when used without reference to a particular Person, "Subsidiary" means a Subsidiary of CAC and, for purposes of this Agreement, the Subsidiaries of CAC shall include the Company, Crosman Pellets, LLC, a Delaware limited liability company, Crosman Manufacturing, LLC, a Delaware limited liability company, and Diablo.

"Tax" or ***"Taxes"*** (and with correlative meaning, ***"Taxable"*** and ***"Taxing"***) means (i) any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under Section 59A of the IRC), natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other similar taxes, duty, levy or assessment or deficiencies thereof (including all interest and penalties thereon and additions thereto, whether disputed or not) and (ii) any transferee Liability in respect of any items described in clause (i) above.

"Tax Return" means any return (including any information return), report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement relating to any Tax.

"Threat of Release" means a substantial likelihood of a Release that may require action in order to prevent or mitigate damage to the Environment that may result from such Release.

"Threatened" - a claim, Proceeding, dispute, action or other matter will be deemed to have been "Threatened" if any demand or statement has been made orally or

in writing or any notice has been given orally or in writing, or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that (i) such a claim, Proceeding, dispute, action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future, or (ii) if such a claim, Proceeding, dispute, action or other matter were asserted, commenced, taken or otherwise pursued, it could reasonably be expected to result in a Material Adverse Effect on the Companies.

"Threshold" shall have the meaning set forth in Section 10.5(b).

"Title IV Plans" – as defined in Section 3.11(d).

"Transaction Documents" means this Agreement, Amendment No. 1 to the Employment and Non-Competition Agreement by and between D'Arcy and the Company, the Amended and Restated LLC Agreement, the Indemnification Agreements among CAC, the Company and each of Arthur C. Roselle and Stuart Christhilf, and any other agreements executed in connection with the Contemplated Transactions.

"Wire Transfer Instruction Form" means the wire transfer instruction form attached hereto as **Exhibit A**.

"Working Capital Closing Statement" - as defined in Section 2.5(a).

"***Working Capital Methodology***" means the accounting principles, practices and policies used in the preparation of the 2006 Balance Sheet except as modified as described on Schedule 1.3.

"WCP" – as defined in the Recitals of this Agreement.

"***2006 Balance Sheet***" means the audited consolidated balance sheet of the CAC and its Subsidiaries as of June 30, 2006.

"2007 Estimated Tax Obligation" – as defined in Section 2.3(c).

"2007 Estimated Tax Refund" – as defined in Section 2.3(c).

"2007 Tax Obligation" – as defined in Section 11.1(c).

"2007 Tax Refund" – as defined in Section 11.1(c).

"***2007 Year End Bonuses***" means any performance bonus, whether or not discretionary, that would be payable to employees of the Companies based on individual performance or the performance of the Companies with respect to any period preceding the Closing.

2. Sale, Redemption and Contribution of Shares; Closing

2.1 Contribution

Subject to the terms and conditions of this Agreement, at the Closing, each of the Rollover Shareholders, severally and not jointly, shall contribute his Rollover Shares to Buyer in exchange for the issuance by Buyer to such Rollover Shareholder of the equity interests of Buyer set forth opposite such Rollover Shareholder's name on the Information Exhibit attached as Exhibit B to the Amended and Restated LLC Agreement (the "Rollover Equity"). The parties hereto acknowledge and agree that the contribution of the Rollover Shares to Buyer in exchange for the Rollover Equity is intended to qualify as a tax-free contribution of property under IRC §721 and the treasury regulations promulgated thereunder. The Rollover Amount of each Rollover Shareholder is set forth opposite such Rollover Shareholder's name on Schedule 2.1.

2.2 Sale of Purchased Shares and Redemption of Redeemed Shares

Subject to the terms and conditions of this Agreement, at the Closing, (i) CODI shall sell to Buyer, and Buyer shall purchase from CODI, the Purchased Shares, and (ii) CAC shall redeem, and each Seller, severally and not jointly, shall sell to CAC, such Seller's Redeemed Shares. The purchase price for each Purchased Share and each Redeemed Share shall equal the Per Share Equity Value.

2.3 Certain Events Prior to the Closing

In addition to such other actions as may be provided for herein, prior to Closing:

(a) The Companies shall obtain payoff letters with respect to the Debt to be Repaid, which payoff letters shall evidence the Debt Payoff Amount, and provide Buyer with a schedule of the Assumed Debt setting forth the amount thereof as of the Closing Date, each in form and substance reasonably satisfactory to Buyer.

(b) The Sellers shall cause the Company to determine, in good faith, and deliver to Buyer prior to the Closing, a statement evidencing Sellers' estimation of Adjusted Net Working Capital (the "Estimated Working Capital Closing Statement") and, based thereon, a written estimate of the Adjustment Amount (the "Estimated Adjustment Amount"). The final Adjustment Amount shall be determined and paid in accordance with the provisions of Section 2.5.

(c) The Sellers shall cause the Company to determine, in good faith, and deliver to Buyer prior to the Closing, a statement evidencing Sellers' estimation of 2007 Tax Refund (the "2007 Estimated Tax Refund") or 2007 Tax Obligation (the "2007 Estimated Tax Obligation"), as the case may be. The actual 2007 Tax Refund or 2007 Tax Obligation, as the case may be, shall be determined and paid in accordance with the provisions of Section 11.1.

(d) WCP and Blackstone Mezzanine Holdings II, L.P. and its Affiliates shall contribute to Buyer cash in an aggregate amount equal to the Equity Financing.

(e) Each Seller shall deliver to Buyer a full and complete Wire Transfer Instruction Form.

(f) Each CAC Option that is outstanding immediately prior to the Closing shall be canceled effective immediately prior to the Closing pursuant to the terms of this Agreement in exchange for the right to receive at Closing a cash payment in the amount of $1,973,640 net of applicable withholding taxes (the "Option Termination Payment").

(g) Immediately prior to the Closing, the Companies (other than Diablo) shall, in consultation with the Buyer, use the maximum amount of their available Cash to pay down the Indebtedness (other than the Assumed Debt) to the greatest extent possible; provided, that the failure to do so shall not result in any liability to the Sellers.

(h) The Sellers shall cause the Company to determine, in good faith, and deliver to Buyer prior to the Closing, (i) the Company Transaction Expenses, (ii) the aggregate amount of principal and interest due and payable under the Promissory Notes computed as of the Closing Date, and (iii) a closing statement (the "Closing Statement") setting forth the Sellers' good faith estimated calculation of the Equity Value and Per Share Equity Value, which amounts shall be determined by taking into account all provisions establishing the basis for such calculation set forth in this Agreement, be based upon the estimates provided in this Section 2.3, and shall include each item in the definition of Equity Value as a separate line item. The Company shall provide Buyer with such supporting documentation used in calculating the amounts set forth in this Section 2.3 and such other documentation as Buyer may reasonably request. Buyer's failure to object to any of the items set forth on the Closing Statement shall not limit or alter any of Buyer's rights and remedies under this Agreement.

2.4 Closing

Subject to the provisions of Section 7 and Section 8, the purchase, sale, redemption and contribution of the Shares and other transactions provided for in this Agreement (the "Closing") will take place at the offices of Alston & Bird LLP, 90 Park Avenue, New York, New York 10016, at 10:00 A.M . (local time) on the Closing Date. At the Closing, in addition to such other actions as may be provided for herein:

(a) Each Rollover Shareholder shall contribute his Rollover Shares to Buyer in accordance with Section 2.1 and in connection therewith shall deliver to Buyer any and all stock certificates representing the Rollover Shares, duly endorsed (or accompanied by appropriate stock powers) for transfer to Buyer.

(b) WCP and each Rollover Shareholder shall enter into the Amended and Restated LLC Agreement of Buyer, substantially in the form attached hereto as **Exhibit B** (the "Amended and Restated LLC Agreement") providing for the relative rights,

privileges and obligations of the holders of the equity interests of Buyer, including the Rollover Equity, following consummation of the Contemplated Transactions.

(c) The Company and D'Arcy shall enter into the Amendment to Employment Agreement substantially in the form attached hereto as **Exhibit C**.

(d) The Sellers and CAC shall deliver to Buyer the certificates required to be provided by them as set forth in Section 7.1, and Buyer shall deliver to the Sellers' Representative the certificates provided for in Section 8.1.

(e) Each Rollover Shareholder that is an obligor under a Promissory Note shall pay its Promissory Note in full (including all principal and interest accrued through the Closing Date) and, to the extent not repaid in full, the Companies shall have the right to offset at the Closing any amounts due such Rollover Shareholder pursuant to this Agreement by the amount of such Promissory Note (including all principal and accrued interest) of such Rollover Shareholder on the Closing Date.

(f) The Buyer shall use the proceeds of the Equity Financing to acquire the Purchased Shares from CODI in accordance with Section 2.2 and CODI shall deliver a certificate or certificates representing the Purchased Shares, duly endorsed (or accompanied by duly executed stock powers) for transfer to Buyer. Buyer's payment for the Purchased Shares shall be made by wire transfer of immediately available funds pursuant to wire transfer instructions as set forth on the Wire Transfer Instruction Form.

(g) Buyer shall cause the Companies to borrow funds pursuant to the Credit Agreements.

(h) Buyer shall cause the Companies to use a portion of the Debt Financing Proceeds to satisfy in full the Debt to be Repaid.

(i) Buyer shall cause CAC to use a portion of the Debt Financing Proceeds to acquire the Redeemed Shares from the Sellers in accordance with Section 2.2 and each such Seller shall deliver a certificate or certificates representing such Seller's Redeemed Shares, duly endorsed (or accompanied by duly executed stock powers) for transfer to CAC. The payment due from CAC to each Seller for such Seller's Redeemed Shares shall equal to the sum of (A) the product obtained by multiplying (x) the Per Share Equity Value, by (y) the aggregate number of Redeemed Shares owned of record by such Seller as set forth in Part 3.3 of the Disclosure Letter, *minus*, (B) the product obtained by multiplying (x) such Seller's (other than CODI and Norwest) Holdback Percentage by (y) the Holdback Amount. CAC's payment for the Redeemed Shares shall be made by wire transfer of immediately available funds pursuant to wire transfer instructions set forth in the Wire Transfer Instruction Form.

(j) Buyer shall cause the Company to use a portion of the Debt Financing Proceeds to pay the Holdback Amount to the Sellers' Representative which amount shall be held in accordance with Section 12.14.

(k) Buyer shall cause the Company to use a portion of the Debt Financing Proceeds to pay the Option Termination Payment to D'Arcy.

(l) Buyer shall cause the Company to use a portion of the Debt Financing Proceeds to pay the Company Transaction Expenses to the extent such amounts reduce the Equity Value for purposes of determining the amount payable to the Sellers.

(m) Buyer shall cause the Company to use a portion of the Debt Financing Proceeds to pay the Buyer's Transaction Expenses.

(n) Buyer shall cause the Company to pay the D'Arcy Interest Bonus.

(o) CAC and the Company shall enter into an Indemnification Agreement substantially in the form attached hereto as **Exhibit D** with each of Arthur C. Roselle and Stuart Christhilf.

(p) Each person (other than D'Arcy) serving as a director on the board of directors or similar governing body of any the Companies (other than Diablo) shall resign effective upon the Closing.

2.5 Adjustment Procedure

(a) Within sixty (60) days after the Closing Date, Buyer shall cause the Companies to prepare and deliver to Sellers' Representative a statement evidencing its determination of actual Adjusted Net Working Capital (the "Working Capital Closing Statement") and, based thereon, the Adjustment Amount, which Working Capital Closing Statement shall be prepared, and the Adjusted Net Working Capital determined, on a basis consistent with the preparation of the Estimated Working Capital Closing Statement and in accordance with the Working Capital Methodology. Sellers' Representative may object to the determination by Buyer of the Adjustment Amount by delivery of a written statement of objections (stating the basis of the objections with reasonable specificity) to Buyer within thirty (30) days following delivery to Sellers' Representative of such Working Capital Closing Statement but only on the basis that the amounts reflected therein were not arrived at in accordance with this Agreement or resulted from a mistake of fact or other inaccuracy. If Sellers' Representative makes such objection, then Buyer and Sellers' Representative shall seek in good faith to resolve all disagreements set forth in such written statement of objections within twenty (20) days following the delivery thereof to Buyer. If Sellers' Representative does not make such objection within such 30-day period, such Working Capital Closing Statement and, based thereon, the Adjustment Amount shall be considered final and binding upon the parties.

(b) If the Adjustment Amount as finally determined is:

(i) less than the Estimated Adjustment Amount, then, within five (5) business days of final determination of the Adjustment Amount, each Seller shall pay or cause to be paid to Buyer such Seller's Pro Rata Percentage of the amount

of such short fall, by wire transfer of immediately available funds to such bank account of Buyer as Buyer shall specify to Sellers' Representative in writing; provided, however, that, to the extent Beckwith then retains any Holdback Amount, Beckwith shall, to the extent of the applicable funds, satisfy each such Seller's (other than CODI and Norwest) allocable portion of such short fall therefrom; or

(ii) greater than the Estimated Adjustment Amount, then, within five (5) business days of final determination of the Adjustment Amount, the Buyer shall pay to each Seller such Seller's Pro Rata Percentage of the amount of such excess, in immediately available funds, by wire transfer to such bank account or accounts of such Seller as Sellers' Representative shall specify to Buyer in writing.

(c) After the Closing, Buyer shall permit Sellers' Representative and its Representatives to have reasonable access to, and to examine and make copies of, the books and records of the Companies as Sellers' Representative shall reasonably determine necessary for purposes of timely reviewing the Working Capital Closing Statement.

(d) In the event Buyer and Sellers' Representative are unable to agree on the final Adjustment Amount, either party may elect, by written notice to the other party, to have such disagreement resolved by an accounting firm of recognized national standing reasonably acceptable to both Buyer and Sellers' Representative (the "Selected Accounting Firm"). The Selected Accounting Firm shall make a final and binding resolution of the Adjustment Amount. The Selected Accounting Firm shall be instructed that, in making its final and binding resolution, it must select either the Adjustment Amount either as proposed by Sellers' Representative or Buyer. No appeal from such determination shall be permitted. The Selected Accounting Firm shall be further instructed to use every reasonable effort to perform its services within thirty (30) days after submission of the Working Capital Closing Statement to it, and in any case, as soon as practicable after such submission. The costs and expenses for the services of the Selected Accounting Firm shall be borne by the non-prevailing party. Judgment upon any award or decision by the Selected Accounting Firm may be enforced by any court having jurisdiction thereof.

(e) The parties agree that the purpose of preparing the Working Capital Closing Statement and determining the final Adjustment Amount is to measure changes in the components taken into consideration in determining the Adjusted Net Working Capital, which components were used in the calculation of the Reference Net Working Capital attached to the Working Capital Methodology. Such process is not intended to permit the introduction of different components, judgments, accounting methods, policies, principles, practices, procedures, classifications or estimation methodologies for the purpose of preparing the Working Capital Closing Statement or determining the final Adjustment Amount from the judgments, accounting methods, policies, principles, practices, procedures, classifications or estimation methodologies described in the

Working Capital Methodology or used in determining the Reference Net Working Capital.

2.6 Releases

Effective as of the Closing, and subject to and in consideration of (i) the Buyer's issuance of the Rollover Equity on the Closing Date and payment for the Purchased Shares and (ii) CAC's payment for the Redeemed Shares, in each case, pursuant to this Agreement, each Seller for itself and (except in the case of Norwest) its affiliates and its Related Persons, as applicable, hereby releases and forever discharges the Buyer and the Companies, and each of the Buyer's and the Companies' respective individual, joint or mutual, past, present and future representatives, affiliates, principals, officers, employees, agents, attorneys, representatives, insurers, subrogors, subrogees, licensees, predecessors, members, directors, managers, stockholders, limited partners, controlling persons, subsidiaries, successors and assigns (individually a "Releasee" and collectively, the "Releasees") from any and all claims, demands, Proceedings, causes of action (including those arising out of or in any way related to any federal, state or local law prohibiting discrimination on the basis of age, race, color, religion, disability, sex, national origin, citizenship or other protected classification, including, without limitation, claims under Title VII, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act, and the Americans With Disabilities Act), suits, Orders, obligations, rights of indemnification, contribution or subrogation, contracts, agreements, debts and liabilities whatsoever, whether known or unknown, by statute, at law and in equity (the "Released Claims") which such Seller (or, except in the case of Norwest, any of its affiliates, or Related Persons) now has, has ever had or may hereafter have against the respective Releasees (i) arising contemporaneously with or prior to the Closing or (ii) on account of or arising out of any matter, cause or event occurring contemporaneously with or prior to the Closing and, in either case, related to the ownership of the Shares, service as an officer or director of any of the Companies, or the business and affairs of any of the Companies, including, without limitation, all such Released Claims arising under or in connection with any financing, guaranty or other financial accommodation (and all subrogation rights that may arise in the future on account thereof), investment, advance, loan, lease, provision of goods or services, Contracts (including any Organizational Documents) or other undertaking or transaction entered into with or on behalf of the Companies by any such Seller (or, except in the case of Norwest, any of its affiliates or Related Persons); provided, however, that nothing contained herein shall operate to release any obligation (i) of the Companies or the Buyer arising pursuant to this Agreement or the other Transaction Documents, (ii) of any of the parties to the Related Person transactions described or disclosed in Part 3.A4 of the Disclosure Letter which are not being terminated hereunder at the Closing pursuant to Section 12.4, or (iii) pursuant to any employment arrangement (including the Employment and Non-Competition Agreement dated as of February 10, 2004 by and between D'Arcy and the Company, as amended) for events arising on or after the Closing or for accrued salary and benefits earned through the Closing and such employment arrangements shall remain in full force and effect pursuant to its respective terms following the Closing. Each Seller acknowledges that it may hereafter discover claims or facts in addition to or different from those which it now knows or believes to exist with respect to the subject matter of

this release and which, if known or suspected at the time of executing this release, may have materially affected its willingness to enter into this release. Nevertheless, each Seller hereby waives any right, claim, or cause of action that might arise as a result of such different or additional claims or facts.

3. Representations and Warranties of CAC

CAC hereby represents and warrants to Buyer, as of the date of this Agreement, as follows:

3.1 Organization and Good Standing

(a) Part 3.1 of the Disclosure Letter contains a complete and accurate list of the exact legal name of each of the Companies, together with their respective jurisdictions of incorporation or organization. Each of the Companies is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Applicable Contracts.

(b) Part 3.1 of the Disclosure Letter contains a complete and accurate list of the jurisdictions in which each of the Companies is authorized to do business as a foreign entity. Each of the Companies is duly qualified to do business as a foreign entity and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to be so qualified or in good standing would not reasonably be expected to have a Material Adverse Effect.

(c) Except for the Companies listed in Part 3.1 of the Disclosure Letter, neither CAC nor the Company has any Subsidiaries or ownership interest, directly or indirectly, in any other Person.

(d) CAC has delivered or caused to be delivered or otherwise made available to Buyer true and correct copies of the Organizational Documents of each of the Companies as currently in effect and as in effect at the Closing.

3.2 Authority; No Conflict

(a) This Agreement constitutes the legal, valid and binding obligation of CAC, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity. CAC has the full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery by CAC of this Agreement and any related agreements to which it is a party and the consummation by it of the Contemplated Transactions and any transactions contemplated by such related agreements (to the extent applicable to it) have been duly authorized and approved and no other action with respect to CAC is necessary

in order to authorize this Agreement, such related agreements or the Contemplated Transactions.

(b) Except as set forth in Part 3.2 of the Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with or result in a violation of (A) any provision of the Organizational Documents of any of the Companies, or (B) any resolution adopted by the board of directors, the stockholders or the members, as applicable, of any of the Companies;

(ii) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which any of the Companies, or any of the assets owned or used by any of them, may be subject;

(iii) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by any of the Companies or that otherwise relates to the business of, or any of the assets owned or used by any of the Companies;

(iv) contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any material Applicable Contract of the Companies; or

(v) result in the imposition or creation of any Encumbrance (other than Permitted Encumbrances) upon or with respect to any of the assets owned or used by any of the Companies.

Except as set forth in Part 3.2 of the Disclosure Letter, none of the Companies is, or will be, required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3.3 Capitalization

Part 3.3 of the Disclosure Letter contains a complete and accurate listing of the authorized, issued and outstanding equity securities, together with, where applicable, the par value thereof, of each of the Companies. CAC is and will be on the Closing Date immediately prior to the Closing the record and beneficial owner and holder of all the equity securities of the Company, and the Company is and will be on the Closing Date immediately prior to the Closing the record and beneficial owner and holder of all the equity securities of the Subsidiaries (other than Diablo), in each case, free and clear of all

Encumbrances on the Closing Date. The Company is and will be on the Closing Date immediately prior to the Closing the record and beneficial owner and holder of 50% of the membership interests of Diablo free and clear of all Encumbrances on the Closing Date. All of the equity securities of the Companies have been duly authorized and validly issued and are fully paid and nonassessable. Part 3.3 of the Disclosure Letter sets forth all options, warrants, calls, commitments, Contracts or other rights relating to the issuance, sale, or transfer of any securities of the Companies as are in effect immediately prior to the Closing (the "Contingent Securities"). Other than as set forth in Part 3.3 of the Disclosure Letter and other than as may be established or initiated by Buyer, after giving effect to the Contemplated Transactions, following the Closing Date there will be no Contingent Securities outstanding. None of the outstanding securities of the Companies were issued in violation of the Securities Act or of any applicable state securities or blue sky laws. Except as set forth in Part 3.3 of the Disclosure Letter, there are no Contracts relating to the issuance, sale or transfer of any equity securities of any of the Companies, and none of the Companies owns, or has any Contract to acquire, any equity securities of any Person or any direct or indirect equity or ownership interest in any other business.

3.4 Financial Statements

CAC has delivered, or has caused to be delivered, to Buyer: (a) audited consolidated balance sheets of the Companies as at each of June 30, 2006 (the "Balance Sheet"), June 30, 2005 and June 30, 2004 (including, in each case, the notes thereto), and the related audited consolidated statements of income, changes in stockholders' equity, and cash flow for each of the fiscal years then ended, together with the report thereon of the independent certified public accountants (the "Audited Financial Statements"), and (b) unaudited consolidated balance sheet of the Companies as of December 3, 2006 (the "Interim Balance Sheet") and the related unaudited consolidated statements of income and cash flow for the approximately five (5) fiscal months then ended, certified by the Company's chief financial officer (collectively, the "Unaudited Financial Statements" and together with the Audited Financial Statements, the "Financial Statements"). Except as set forth on Part 3.4 of the Disclosure Letter, the Financial Statements fairly pres ent in all material respects the financial condition and the results of operations, changes in shareholders' equity, and cash flow of the Companies as at the respective dates thereof and for the periods referred to therein, and were prepared in accordance with GAAP, subject, in the case of the Unaudited Financial Statements, to normal recurring year-end adjustments (none of which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect) and the absence of notes. The Financial Statements reflect the consistent application of such accounting principles throughout the periods involved, except as disclosed in the notes thereto or in the Disclosure Letter.

3.5 Books and Records

The books of account, minute books and stock record books of the Companies, all of which have been made available to Buyer and its Representatives, are complete and correct in all material respects, and have been maintained in accordance with sound business practices. Except as set forth in Part 3.5 of the Disclosure Letter, the minute

books of the Companies contain accurate and complete records of all meetings held of, and corporate action taken by, the stockholders or members, the boards of directors or managers, and committees of such boards, and no meeting of any such stockholders, board of directors, or committee has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of such books and records will be in the possession of the Companies.

3.6 Title to Properties; Encumbrances

(a) Real Property. Part 3.6 of the Disclosure Letter lists all the real property owned by the Companies (the "Owned Real Property") and leased by the Companies. The Companies have good and valid title to the Owned Real Property, free and clear of all Encumbrances, except Permitted Encumbrances. The Real Property is in material compliance with all applicable building, zoning, subdivision, health and safety and other Legal Requirements (collectively, the "Real Property Laws"). None of the Companies has received any notice of violation of any Real Property Law and, to CAC's Knowledge, there is no basis for the issuance of any such notice or the taking of any action for any such violation. All water, oil, gas, electrical, telecommunications, sewer, storm and waste water systems and other utility services or systems for the Real Property have been installed and are operational and sufficient for the operation of the business presently conducted, normal wear and tear and regularly scheduled maintenance excepted. CAC has delivered or otherwise made available to Buyer correct and complete copies of all leases (as amended or modified through the Closing Date) listed in Part 3.6 of the Disclosure Letter. Each such lease is legal, valid, binding and enforceable against the Companies and, to CAC's Knowledge, against the other parties thereto and is in full force and effect, in each case subject to proper authorization and execution of such lease by the other party and the application of any bankruptcy or creditor's rights laws or general principles of equity. Neither the Companies, nor, to CAC's Knowledge, any other party to any lease, is in default, and to CAC's Knowledge, no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such lease.

(b) Personal Property. The Companies have good and valid title to, or a valid leasehold interest in, all of the personal properties and assets owned by each of them or used in its respective business, including, without limitation each item of equipment and other personal property, tangible, intangible or otherwise included as an asset in the Interim Balance Sheet (other than inventory and equipment disposed of in the Ordinary Course of Business since the date of the Interim Balance Sheet), and to each item of personal property, acquired since the date of the Interim Balance Sheet (collectively, the "Personal Property"), free and clear of any Encumbrances, except Permitted Encumbrances. With respect to each lease of Personal Property: (i) such lease is legal, valid, binding and enforceable against the Companies and, to CAC's Knowledge, against the other parties thereto and is in full force and effect, in each case subject to proper authorization and execution of such lease by the other party and the application of any bankruptcy or creditor's rights laws or general principles of equity, (ii) the Companies have delivered or made available to the Buyer or its Representatives true, complete and

accurate copies of each of the leases described in Part 3.6(b) of the Disclosure Letter, and none of the leases have been modified in any respect, except to the extent that such modifications are disclosed by the copies delivered or made available to the Buyer; and (iii) neither the Companies nor, to CAC's Knowledge, any other party to such lease, is in default, and to CAC's Knowledge, no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of payment under such lease.

3.7 Condition and Sufficiency of Assets

The buildings, plants, structures, and equipment of the Companies are structurally sound, are in good operating condition and in a good state of maintenance and repair, ordinary wear and tear excepted, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, or equipment is in need of maintenance or repairs, except for ordinary, routine or non-material maintenance and repairs. Except as set forth in Part 3.7 of the Disclosure Letter, the building, plants, structures, equipment and other tangible assets, intangible assets and other assets of the Companies will be sufficient for the continued conduct of the business of the Companies after the Closing in substantially the same manner as conducted prior to the Closing.

3.8 Accounts Receivable

All accounts receivable of the Companies that are reflected on the Interim Balance Sheet or on the accounting records of the Companies as of the Closing Date (collectively, the "Accounts Receivable") represent or will represent valid obligations of the respective account debtors arising from sale actually made or services actually performed in the Ordinary Course of Business. Unless paid prior to the Closing Date, the Accounts Receivable will be current and, to CAC's Knowledge, collectible net of the respective reserves shown on the Balance Sheet or the Interim Balance Sheet or on the accounting records of the applicable Acquired Company as of the Closing Date (which reserves are adequate and calculated consistent with past practice in accordance with GAAP). There is no contest, claim, or right of set-off that is not reserved for under any Contract with any obligor of an Accounts Receivable relating to the amount or validity of such Accounts Receivable, as so reserved.

3.9 Inventory

All inventory of the Companies, consists of a quality and quantity usable and salable in the Ordinary Course of Business, except for obsolete items and items of below-standard quality, all of which have been written off or written down to net realizable value in the Interim Balance Sheet, on the accounting records of the Companies as of the Closing Date or pursuant to the Working Capital Methodology, as

the case may be. All inventories not written off have been priced at the lower of cost or market on a first in, first out basis.

3.10 TAXES

(a) The Companies have timely filed or caused to be filed all material Tax Returns that are or were required to be filed by or with respect to any of them, either separately or as a member of a group of corporations, pursuant to applicable Legal Requirements. Except as set forth in Part 3.10(a) of the Disclosure Letter, each of the Companies has paid, or made provision for the payment of, all Taxes that have or may have become due pursuant to such Tax Returns, or pursuant to any assessment received by any of the Companies, except such Taxes, if any, as are being contested in good faith. CAC has delivered or made available to Buyer copies of all such Tax Returns filed as of the date of this Agreement for the last two (2) fiscal years of the Companies.

(b) Except as described in Part 3.10(b) of the Disclosure Letter, since February 10, 2004, none of the Companies:

(i) is or has been the subject of a Tax audit or examination;

(ii) has consented to extend the time, or is the beneficiary of any extension of time, in which any Tax may be assessed or collected by any taxing authority; or

(iii) has received from any taxing authority any written notice of proposed adjustment, deficiency, underpayment of Taxes or any other such written notice which has not been satisfied by payment or been withdrawn.

(c) The charges, accruals, and reserves with respect to Taxes on the respective books of the Companies are materially adequate (determined in accordance with GAAP) with respect to the Companies' liability for Taxes. To CAC's Knowledge, there exists no proposed material Tax assessment against the Companies except as disclosed in Part 3.10 of the Disclosure Letter. To CAC's Knowledge, all material Taxes that the Companies are or were required by Legal Requirements to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body.

(d) All material Tax Returns filed by (or that include on a consolidated basis) the Companies are true, correct and complete. There is no tax sharing agreement that will require any payment by the Companies after the date of this Agreement. None of the Companies is, or within the five-year period preceding the Closing Date has been, an "S" corporation.

(e) To CAC's Knowledge, there is no factual or legal basis for any claim by an authority in a jurisdiction where any of the Companies does not file material Tax Returns that any of the Companies is or may be subject to taxation by that jurisdiction.

(f) None of the Companies has any net operating losses or other tax attributes that are subject to limitation under IRC Sections 382, 383, or 384, or the federal consolidated return regulations.

(g) To CAC's Knowledge, none of the Companies (i) has agreed, nor is required, to make any adjustment under Section 481(a) of the IRC by reason of a change in accounting method or otherwise that will affect the liability of the Companies for Taxes for a Taxable period ending after the Closing Date, (ii) has made an election, nor is required, to treat any asset as owned by another person pursuant to the provisions of Section 168(f) of the IRC or as tax-exempt bond financed property or tax-exempt use property within the meaning of Section 168 of the IRC, (iii) has made any of the foregoing elections nor is required to apply any of the foregoing rules under any comparable state or local tax provision, or (iv) owns any material assets that were financed directly or indirectly with, or that directly or indirectly secure, debt the interest on which is tax-exempt under Section 103(a) of the IRC.

(h) None of the Companies is a party to any "Gain Recognition Agreement" as such term is used in the Treasury Regulations promulgated under Section 367 of the IRC.

(i) Except as disclosed in Part 3.10(i) of the Disclosure Letter, there are no joint ventures, partnerships, limited liability companies, or other arrangements or contracts to which any of the Companies is a party and that could be treated as a partnership for federal income tax purposes.

(j) To CAC's Knowledge, none of the Companies has a "permanent establishment" in any foreign country, as such term is defined in any applicable Tax treaty or convention between the United States and such foreign country, nor has any of the Companies otherwise taken steps that have exposed, or will expose, any of the Companies to the taxing jurisdiction of a foreign country.

(k) To CAC's Knowledge, none of the Companies has been a member of an affiliated group (other than the affiliated group of which CAC is the common parent) filing a consolidated federal income Tax Return, nor taken any other action that could result in liability for Taxes of an affiliated group (other than the affiliated group of which CAC is the common parent) under Treas. Reg. §1.1502-6 (or any similar provision of state, local, or foreign law), including as a transferee or successor, by contract, or otherwise.

(l) None of the Companies has been a United States real property holding corporation within the meaning of IRC section 897(c)(2) during the applicable period specified in IRC Section 897(c)(1)(A)(ii).

(m) To CAC's Knowledge, none of the Contemplated Transactions, either by itself or in conjunction with any other transaction that any of the Companies may have entered into or agreed to, will give rise to any federal income Tax liability under Section 355(e) of the IRC for which any of the Companies may in any way be held liable.

3.11 Employee Benefits

(a) Part 3.11(a) of the Disclosure Letter contains a complete and accurate list of each pension, profit-sharing, deferred compensation, bonus, stock, stock option, share appreciation right, severance, group or individual health, dental, medical, life insurance, survivor benefit, vacation pay, fringe benefit, or similar plan, policy, arrangement or agreement, and each "employee benefit plan" as defined under ERISA Section 3(3), whether in any case formal or informal, written or oral, for the benefit of any current or former director, officer or employee of or consultant or agent to the Companies or any ERISA Affiliate of any of them, as applicable, whether or not subject to ERISA that the Companies or any ERISA Affiliate of any of them maintains or maintained since February 10, 2004 and any period from January 1 of the current calendar year through the Closing Date (the "Relevant Period"), participates in or participated in during the Relevant Period, contributes to or has contributed to during the Relevant Period or has or has had during the Relevant Period or could have any liability under or related thereto (the foregoing plans, policies, arrangements and agreements individually an "Employee Benefit Plan," and collectively "Employee Benefit Plans"). No Employee Benefit Plan is or includes a Multiemployer Plan, a Title IV Plan or any Qualified Plan that is subject to the minimum funding requirements of IRC Section 412 and ERISA Section 302 (a "Minimum Funding Plan") and the Buyer shall not incur any liability under, or related to, any Multiemployer Plan, Title IV Plan or Minimum Funding Plan as a result of the Contemplated Transactions. Except for those Employee Benefit Plans disclosed in Part 3.11(a) of the Disclosure Letter, the Companies and any ERISA Affiliate of any of them have not maintained or incurred any liability under or contributed to during the Relevant Period and does not currently maintain, participate in or have any liability under or related to any Employee Benefit Plan. In addition, Part 3.11(a) of the Disclosure Letter categorizes each Employee Benefit Plan into one of the following categories: (A) Employee Benefit Plans that are Qualified Plans; and (B) Other Employee Benefit Plans.

(b) The Sellers have delivered or made available to Buyer or its Representatives to the extent applicable:

(i) all documents that set forth the terms of each Employee Benefit Plan of the Companies and of any related trust, including (A) all plan descriptions and summary plan descriptions of Employee Benefit Plans for which the Companies are required to prepare, file, and distribute plan descriptions and summary plan descriptions under ERISA, and (B) all summaries and descriptions furnished to participants and beneficiaries regarding the Companies' Employee Benefit Plans for which a plan description or summary plan description is not required under ERISA;

(ii) all personnel and employment manuals, and all personnel, payroll and employment policies, currently in effect at the Companies;

(iii) all collective bargaining agreements pursuant to which contributions have been made or obligations incurred (including both pension and welfare benefits) by the Companies and the ERISA Affiliates of the Companies,

and all collective bargaining agreements pursuant to which contributions are being made or obligations are owed by such entities;

(iv) a written description of any of the Companies' Employee Benefit Plans that are not otherwise in writing;

(v) all registration statements filed with respect to any Employee Benefit Plan of the Companies;

(vi) all insurance policies purchased by or to provide benefits under any Employee Benefit Plan of the Companies (other than long-term disability policies of the Companies' executives);

(vii) all contracts with third party administrators, actuaries, investment managers, consultants, and other independent contractors that relate to any Employee Benefit Plan of the Companies (other than the First Niagara Third Party Administrator contract and contracts with Merrill Lynch in respect of 401(k) services);

(viii) all reports submitted within the Relevant Period by third party administrators, actuaries, investment managers, consultants, or other independent contractors with respect to any Employee Benefit Plan of the Companies (other than any reports or analyses prepared by Merrill Lynch in the ordinary course of managing the 401(k) Plan) ;

(ix) each form of notification to employees of the Companies during the Relevant Period of their rights under ERISA Section 601 et seq. and IRC Section 4980B;

(x) each form of notification required by HIPAA (as defined below) to be provided to employees of the Companies during the Relevant Period of their rights under ERISA Section 701 et seq. and the privacy rules set forth in 45 Code of Federal Regulations Parts 160 and 164, as promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") (such privacy rules referred to hereinafter as "Privacy Rules");

(xi) the Form 5500, if applicable, filed for each of the most recent two plan years with respect to each Employee Benefit Plan of the Companies and each Minimum Funding Plan of an ERISA Affiliate, including all schedules thereto and the opinions of independent accountants;

(xii) all notices regarding compliance that were given by the Companies or any of their Employee Benefit Plans during the Relevant Period to the IRS or any participant or beneficiary, pursuant to statute, including notices that are expressly mentioned elsewhere in this Section 3.13;

(xiii) all required notices concerning an Employee Benefit Plan of the Companies that were given during the Relevant Period by the IRS or the Department of Labor to the Companies, or any Employee Benefit Plan;

(xiv) with respect to any Employee Benefit Plan of the Companies that is a Qualified Plan, the most recent determination or opinion letter, all governmental advisory opinions, rulings, compliance statements, closing agreements for each such Employee Benefit Plan of the Companies; and

(xv) with respect to any Employee Benefit Plan of the Companies that is a self-insured health plan, policy or arrangement, information related to the claims experience of each of the Companies for the last three years or, if shorter, the period of time during which such plan, policy or arrangement was self-insured.

(c) Except as set forth in Part 3.11 of the Disclosure Letter:

(i) The Companies have performed all of their respective obligations under all Employee Benefit Plans in all material respects. The Companies have made appropriate entries in their financial records and statements for all obligations and liabilities under such Employee Benefit Plan that have accrued but are not due and for a pro rata amount of the obligations, liabilities accrued or contributions that would otherwise have been made in accordance with past practices and applicable law for the plan year that includes the Closing Date.

(ii) No statement, either written or oral, has been made by the Companies to any Person with regard to any of their Employee Benefit Plans that was not in accordance with the applicable Employee Benefit Plan and that would reasonably be expected to have a Material Adverse Effect.

(iii) The Companies, with respect to all of their Employee Benefit Plans, and each ERISA Affiliate of the Companies, with respect to all of their Minimum Funding Plans, are, and each such Employee Benefit Plan is, in material compliance with, as applicable, ERISA, the IRC, the Privacy Rules, the applicable provisions of HIPAA, and other applicable Legal Requirements including the provisions of such Legal Requirements expressly mentioned in this Section 3.11, and with any applicable collective bargaining agreement and as of the Closing Date, to CAC's Knowledge, no event has occurred that would or will cause any such Employee Benefit Plan to fail to comply with such requirements and no notice has been issued by any Governmental Body questioning or challenging such compliance.

(A) None of the Companies, no ERISA Affiliate and, to CAC's Knowledge, no other Person has entered into or engaged in any transaction prohibited by ERISA Section 406 or any "prohibited transaction" under IRC Section 4975(c) with respect to any applicable Employee Benefit Plan.

(B) None of the Companies or any ERISA Affiliate of any of them has any liability to the IRS with respect to any Employee Benefit Plan, including any liability imposed by Chapter 43, 47 or 68 of the IRC.

(C) All filings required by ERISA and the IRC as to each applicable Employee Benefit Plan have been timely filed, and all notices and disclosures to participants required by either ERISA, the Privacy Rules, HIPAA or the IRC have been timely provided.

(D) All contributions and payments made or accrued with respect to all Employee Benefit Plans of the Companies have been deductible under IRC Section 162 or Section 404 or 419. No amount, or any asset of any Employee Benefit Plan of the Companies, is subject to tax as unrelated business taxable income.

(iv) Each Employee Benefit Plan of the Companies can be terminated within thirty days, without payment of any additional contribution, or amount and without the vesting or acceleration of any benefits promised by such Employee Benefit Plan.

(v) To CAC's Knowledge, no event has occurred that could result in an increase in premium costs of the Companies' Employee Benefit Plans that are insured, or an increase in benefit costs of such Employee Benefit Plans that are self-insured, in each case that exceeds past increases.

(vi) Other than claims for benefits submitted by participants or beneficiaries, no claim against, or legal proceeding involving, any Employee Benefit Plan of the Companies is pending or, to CAC's Knowledge, is Threatened and, to CAC's Knowledge, no facts exist that could give rise to any such claims or legal proceedings.

(vii) Each Employee Benefit Plan of the Companies that is intended to be a Qualified Plan is qualified in form and operation under IRC Section 401(a) and there have been no amendments to such Employee Benefit Plans that are not the subject of a favorable determination letter (or, if the applicable Employee Benefit Plan is based on a standardized prototype or volume submitter form document, the advisory opinion letter, but only if such opinion letter may be relied upon by the Companies or any ERISA Affiliate of any of them, as applicable, as if it were a determination letter) issued with respect thereto by the Internal Revenue Service; each trust for each such Employee Benefit Plan is exempt from federal income tax under IRC Section 501(a). No event has occurred or circumstance exists that will or could give rise to disqualification of any such Employee Benefit Plan or trust.

(viii) The financial report for each applicable Employee Benefit Plan of the Companies and each ERISA Affiliate of the Companies fairly presents the

financial condition and the results of operations of each such Employee Benefit Plan in accordance with GAAP.

(ix) Except to the extent required under ERISA Section 601 et seq. and IRC Section 4980B, the Companies do not provide nor are any of them required to provide health or welfare benefits for any retired or former employee or is obligated to provide health or welfare benefits to any active employee following such employee's retirement or other termination of service and none of the Companies has any liability (actual or contingent) for providing any such benefits to retirees and former employees except to the extent required under ERISA Section 601 et seq. and IRC Section 4980B.

(x) The Companies have the right to modify and terminate benefits to retirees (other than pensions) with respect to both retired and active employees.

(xi) To CAC's Knowledge, the Companies have complied with the provisions of ERISA Section 601 et seq. and IRC Section 4980B.

(xii) The Companies and each ERISA Affiliate of any of them have taken all steps reasonably necessary so that all applicable Employee Benefit Plans comply with the Privacy Rules and the applicable provisions of HIPAA and that, to CAC's Knowledge, such Employee Benefit Plans are in full compliance with the Privacy Rules and applicable provisions of HIPAA.

(xiii) No payment that is owed or may become due to any director, officer, employee, or agent of the Companies will be nondeductible to any of the Companies, as applicable, or subject to tax under IRC Section 280G or Section 4999; nor will the Companies be required to "gross up" or otherwise compensate any such person because of the imposition of any excise tax on a payment to such person. None of the payments contemplated by any Employee Benefit Plan of the Companies would, in the aggregate, constitute excess parachute payments, as defined in IRC Section 280G (without regard to subsection (b)(4) thereto).

(xiv) The consummation of the Contemplated Transactions will not result in the payment, or acceleration of any benefit under any Employee Benefit Plan of the Companies.

(xv) None of the assets of any Employee Benefit Plan is or has been invested in securities of the Companies or any ERISA Affiliate of any of them.

(c) For purposes of this Section, the following terms shall have the meanings set forth below:

"ERISA Affiliate" means, with respect to the Companies, any other Person that, together with any of the Companies, would be treated as a single employer under IRC Section 414 before the Closing Date.

"Multiemployer Plan" has the meaning given to such term in ERISA Section 3(37)(A).

"Qualified Plan" means any Employee Benefit Plan that meets, is intended to meet or purports to meet the requirements, of IRC Section 401(a).

"Title IV Plans" means all Employee Benefit Plans that are subject to Title IV of ERISA, 29 U.S.C. Section 1301 et seq., other than Multiemployer Plans.

3.12 Compliance with Legal Requirements; Governmental Authorizations

(a) Except as set forth in Part 3.12(a) of the Disclosure Letter:

(i) each of the Companies is, and at all times since February 10, 2004 has been, in compliance with the Legal Requirements that are applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets except where the failure to be in compliance would not reasonably be expected to have a Material Adverse Effect; and

(ii) no event has occurred since February 10, 2004 or circumstance exists that would reasonably be expected to constitute or result in a violation by any of the Companies of, or a failure on the part of any of them to comply with, any Legal Requirement except where the failure to be in compliance would not reasonably be expected to have a Material Adverse Effect.

(b) Part 3.12(b) of the Disclosure Letter contains a complete and accurate list of each Governmental Authorization that is held by the Companies or that otherwise relates to the business of, or to any of the assets owned or used by, the Companies. Each Governmental Authorization listed or required to be listed in Part 3.12(b) of the Disclosure Letter is valid and in full force and effect. Except as set forth in Part 3.12(b) of the Disclosure Letter:

(i) each of the Companies is, and at all times since February 10, 2004 has been, in compliance with all of the terms and requirements of each approval, consent, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement and necessary (A) for the lawful conduct or operation of its business as currently conducted, or (B) to permit it to own and use its assets in the manner in which it currently owns and uses such assets (each a "Governmental Authorization" and, collectively, the "Governmental Authorizations"), except where the failure to be in compliance would not reasonably be expected to have a Material Adverse Effect;

(ii) no event has occurred since February 10, 2004 or circumstance exists that would reasonably be expected (with or without notice or lapse of time) to (A) constitute or result directly or indirectly in a violation of or a failure by any

of the Companies to comply with any term or requirement of any Governmental Authorization, or (B) result directly or indirectly in the revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any Governmental Authorization, except where such violation or failure, or such revocation, withdrawal, suspension, cancellation, termination or modification, would not reasonably be expected to have a Material Adverse Effect; and

(iii) all applications required to have been filed since February 10, 2004 on behalf of each of the Companies for the renewal of Governmental Authorizations have been duly filed with the appropriate Governmental Bodies, and all other filings required to have been made with respect to such Governmental Authorizations have been duly made with the appropriate Governmental Bodies, except where the failure to file would not reasonably be expected to have a Material Adverse Effect.

The Governmental Authorizations listed in Part 3.12(b) of the Disclosure Letter collectively constitute all of the Governmental Authorizations necessary to permit the Companies to lawfully conduct and operate the Businesses in the manner they currently conduct and operate such Businesses and to permit the Companies to own and use their assets in the manner in which they currently own and use such assets.

3.13 Legal Proceedings; Orders

(a) Except as set forth in Part 3.13(a) of the Disclosure Letter, there is no pending Proceeding, whether related to or arising from any product manufactured, distributed or sold by or on behalf of, or services performed by, any of the Companies or otherwise, in which any of the Companies is a named party:

(i) that has been commenced by or against any of the Companies or that otherwise relates to or may affect the business of, or any of the assets owned or used by, any of them; or

(ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions.

To CAC's Knowledge, (1) no such Proceeding has been Threatened, and (2) no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding. The Sellers have delivered to Buyer copies of all pleadings, correspondence, and other documents relating to each Proceeding listed in Part 3.13(a) of the Disclosure Letter.

(b) Except as set forth in Part 3.13(b) of the Disclosure Letter:

(i) there is no Order to which any of the Companies, or any of the assets owned or used by any of them, is subject, and

(ii) to CAC's Knowledge, no officer, director, agent or employee of the Companies is subject to any Order that prohibits such officer, director, agent or employee from engaging in or continuing any conduct, activity, or practice relating to the business of the Companies.

(c) Except as set forth in Part 3.13(c) of the Disclosure Letter:

(i) each of the Companies is in full compliance with all of the terms and requirements of each Order to which it, or any of the assets owned or used by it, is subject; and

(ii) no event has occurred since February 10, 2004 or circumstance exists that may constitute or result in (with or without notice or lapse of time) a violation of or failure to comply with any term or requirement of any Order to which any of the Companies, or any of the assets owned or used by any of them, is subject; and

(iii) none of the Companies has, at any time since February 10, 2004, received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual or potential violation of, or failure to comply with, any term of any Order to which any of the Companies, has been subject, except where such violation or failure to comply would not reasonably be expected to have a Material Adverse Effect.

3.14 Absence of Certain Changes and Events

Except as set forth in Part 3.14 of the Disclosure Letter, since the date of the Balance Sheet, each of the Companies has conducted its business only in the Ordinary Course of Business and there has not been any:

(a) change in authorized or issued capital stock or other equity securities of any of the Companies; grant of any option or right to purchase shares of capital stock of or other equity interest in any of the Companies; issuance of any security convertible into such capital stock or other equity interest; grant of any registration rights; purchase, redemption, retirement or other acquisition by any of the Companies of any shares of any such capital stock or other equity securities; or declaration or payment of any dividend or other distribution or payment in respect of shares of capital stock or other equity securities;

(b) amendment to the Organizational Documents of any of the Companies;

(c) damage to or destruction or loss of any asset or property of any of the Companies that would reasonably be expected to have a Material Adverse Effect;

(d) adoption of, or increase in the payments to or benefits under, any plan, arrangement or policy that is an Employee Benefit Plan or that would be treated as an Employee Benefit Plan if in effect on the date of this Agreement, nor has there been any termination of any Employee Benefit Plan;

(e) entry into, termination by any of the Companies of, or receipt of notice of termination of (i) any license, distributorship, dealer, joint venture, credit, or similar agreement, or (ii) any Contract or transaction involving a total remaining commitment by or to the Companies of at least $100,000;

(f) termination by the Companies of, or receipt of notice of termination of any Contract pursuant to which the Companies have made sales in excess of $250,000 during the immediately preceding 12 months;

(g) sale (other than sales of inventory and disposal of fixed assets in the Ordinary Course of Business), lease, or other disposition of any asset or property of the Companies in excess of $100,000 or the imposition of any Encumbrance on any material asset or property of the Companies, including the sale, lease, or other disposition of any of the Intellectual Property Assets, other than Permitted Encumbrances;

(h) cancellation or waiver of any claims or rights with a value to the Companies in excess of $100,000;

(i) Tax election or change in the accounting methods used by any of the Companies;

(j) material change in the reserve for Accounts Receivable or the quantities of each item of inventory, other than in the Ordinary Course of Business;

(k) Contract (or series of related Contracts) involving more than $250,000 or outside the Ordinary Course of Business entered into by the Companies;

(l) dividend declared, set aside or paid or any distribution made with respect to any capital stock or equity interests (whether in cash or in kind) or redemption purchase, or other acquisition of any capital stock or equity interests;

(m) loan by the Companies to, or any other transaction with, any of the shareholders, directors, officers, employees or Related Persons or any of them, other than deferment of interest on the Promissory Notes;

(n) increase in excess of five percent (5%) of the base compensation of any of the Companies' officers or, except for hourly or other employees whose annual compensation (including bonuses) is less than $100,000, employees, or any other change in the employment terms for any of such officers or employees;

(o) acceleration of the collection of accounts receivable or delay in paying accounts payable (except in the Ordinary Course of Business consistent with past practices); or

(p) written agreement by any of the Companies to do, or which would result in, any of the foregoing.

3.15 Contracts; No Defaults

(a) Except for any Contract set forth in Part 3.15(b) of the Disclosure Letter, Part 3.15(a) of the Disclosure Letter sets forth a list, and the Companies have delivered or otherwise made available to Buyer or its Representatives true and complete copies (or in the case of any oral Contract, a true and complete summary), of:

(i) each Applicable Contract that involves performance of services or delivery of goods or materials by one or more of the Companies of an amount or value in excess of $500,000;

(ii) each Applicable Contract that involves performance of services or delivery of goods or materials to one or more of the Companies of an amount or value in excess of $500,000;

(iii) each Applicable Contract that was not entered into in the Ordinary Course of Business and that involves expenditures or receipts of one or more of the Companies in excess of $500,000;

(iv) each lease, rental or occupancy agreement, license, installment and conditional sale agreement, and other Applicable Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any real or personal property (except personal property leases and installment and conditional sales agreements having a value per item or aggregate payments of less than $500,000 and with terms of less than one year);

(v) each licensing agreement or other Applicable Contract with respect to patents, trademarks, copyrights or other intellectual property, including agreements with current or former employees, consultants, or contractors regarding the appropriation or the nondisclosure of any of the Intellectual Property Assets;

(vi) each collective bargaining agreement and other Applicable Contract to or with any labor union or other employee representative of a group of employees;

(vii) each joint venture, partnership, and other Applicable Contract (however named) involving a sharing of profits, losses, costs, or liabilities by any of the Companies with any other Person other than any of the Companies;

(viii) each Applicable Contract containing covenants that in any way purport to restrict the business of the Companies or limit the freedom of the Companies to engage in any line of business or to compete with any Person;

(ix) each Applicable Contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;

(x) each power of attorney that is currently effective and outstanding;

(xi) each Applicable Contract entered into other than in the Ordinary Course of Business that contains or provides for an express undertaking by the Companies to be responsible for consequential damages;

(xii) each Applicable Contract for capital expenditures in excess of $500,000 or any group of Applicable Contracts for capital expenditures which exceed $500,000 in the aggregate;

(xiii) each written warranty, guaranty, and or other similar undertaking with respect to contractual performance extended by the Companies other than in the Ordinary Course of Business;

(xiv) each Applicable Contract relating to any Indebtedness of the Companies in excess of $500,000 that will be outstanding immediately prior to the Closing Date; and

(xv) each amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing.

(b) Except as set forth in Part 3.15(b) of the Disclosure Letter, no officer, director, agent, employee, consultant or contractor of the Companies is, to CAC's Knowledge, bound by any Contract that purports to limit the ability of such Person to (A) engage in or continue any conduct, activity or practice relating to the business of any of the Companies, or (B) assign to any of the Companies or to any other Person any rights to any invention, improvement or discovery.

(c) Except as set forth in Part 3.15(c) of the Disclosure Letter, each Contract identified in Part 3.15(a) of the Disclosure Letter is in full force and effect and none of the Companies has received any written notice that any party to any such Contract intends to cancel, terminate or fail to renew such Contract.

(d) Each lease into which any of the Companies has entered since June 30, 2006 was entered into in the Ordinary Course of Business and consistent with past practices.

(e) Except as set forth in Part 3.15(e) of the Disclosure Letter:

(i) the Companies are in full compliance with all applicable terms and requirements of each Contract under which they have any obligation or liability or by which they or any of the assets owned or used by them are bound;

(ii) to CAC's Knowledge, each other Person that has any obligation or liability under any Contract under which any of the Companies has any rights is in full compliance with all applicable terms and requirements of such Contract;

(iii) to CAC's Knowledge, no event has occurred since February 10, 2004 or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with, or result in a violation or breach of, or give the

Companies or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any material Applicable Contract; and

(iv) none of the Companies has, since February 10, 2004, given to or received from any other Person, any notice or other communication (whether oral or written) regarding any actual, alleged, possible or potential violation or breach of, or default under, any Contract with respect to which obligations are owing to or due from any of the Companies.

3.16 Insurance

(a) The Companies have delivered or otherwise made available to Buyer a true and complete copy of (i) each policy of insurance to which any of the Companies is a party or under which the assets of any of the Companies are covered, (ii) each pending application, if any, of any of the Companies for policies of insurance, and (iii) any statement by the auditor of the Companies' financial statements with regard to the adequacy of such entity's coverage or of the reserves for claims, except for policies of insurance covering the period from and including October 2006 through September 2007, for which summaries have been prepared and delivered to Buyer. Part 3.16(a) of the Disclosure Letter summarizes the insurance policies in effect as of the date hereof. The schedules of insurance and renewal binders made available to Wachovia Insurance Services are true and complete.

(b) Part 3.16(b) of the Disclosure Letter describes:

(i) any self-insurance arrangement by or affecting the Companies, including any reserves established thereunder; and

(ii) any contract or arrangement, other than a policy of insurance, for the transfer or sharing of any risk by the Companies.

(c) Except as set forth on Part 3.16(c) of the Disclosure Letter:

(i) Each policy of insurance to which any of the Companies is a party:

(A) is valid, outstanding, and enforceable;

(B) is issued by an insurer that, to CAC's Knowledge, is financially sound and reputable;

(C) when taken together with all other policies of insurance of the Companies, provide adequate insurance coverage for the assets and operations of the Companies for the risks to which they are exposed in the Ordinary Course of Business;

(D) is sufficient for material compliance with the Legal Requirements and Contracts to which the Companies are bound; and

(E) will continue in full force and effect following the consummation of the Contemplated Transactions.

(ii) None of the Companies has received, with respect to any policy of insurance to which any of the Companies is a party or under which the assets of any of the Companies are covered, (A) any refusal of coverage or any written notice that a defense will be afforded with reservation of rights, or (B) any written notice that any insurance policy is no longer in full force or effect, will be or is cancelled, will not be renewed or the issuer thereof is not willing or able to perform its obligations thereunder.

(iii) All premiums due under each policy to which any of the Companies is a party or that provides coverage to any of the Companies have been paid or are being timely paid under financing arrangements offered by the applicable insurance provider.

3.17 Environmental Matters

Except as set forth in Part 3.17 of the Disclosure Letter:

(a) Each of the Companies is, and at all times has been, in full compliance with, and has not been and is not in violation of or liable under, any Environmental Law. None of the Companies has any reasonable basis to expect or receive, nor has any of them or, to CAC's Knowledge, any other Person for whose conduct they are or may be held responsible received, any actual or Threatened Order, notice, or other communication from (i) any Governmental Body, or (ii) the current or prior owner or operator of any Facilities, of any actual or potential violation or failure to comply with any Environmental Law, or of any actual or threatened obligation to undertake or bear the cost of any Environmental, Health, and Safety Liabilities with respect to any of the Facilities or any other properties or assets (whether real, personal or mixed) in which any of the Companies has had an interest, or with respect to any property or Facility at or to which Hazardous Materials were generated, manufactured, transferred or used by any of the Companies or, to CAC's Knowledge, by any other Person for whose conduct they are or may be held responsible, from which Hazardous Materials have been transported, treated, stored or otherwise handled.

(b) There are no pending or, to CAC's Knowledge, Threatened claims, Threatened Encumbrances, or other restrictions of any nature, resulting from any Environmental, Health, and Safety Liabilities or arising under or pursuant to any Environmental Law, with respect to or affecting any of the Facilities in which any of the Companies has or had an interest.

(c) Each of the Companies possesses, or has timely applied for, all Permits and other Governmental Authorizations required under applicable Environmental Laws

necessary to own, lease and operate its properties and assets as now being owned, licensed and operated and to carry on its respective business as it is now being conducted, except where any failure to so possess or apply would not reasonably be expected to have a Material Adverse Effect.

(d) None of the Companies has, nor has any of them or, to CAC's Knowledge, any other Person for whose conduct they are or may be held responsible received, any citation, directive, notice, Order, summons, warning, or other communication that relates to Hazardous Activity, hazardous Materials, or any alleged, actual, or potential violation or failure to comply with any Environmental Law, or of any alleged, actual, or potential obligation to undertake or bear the cost of any Environmental, Health, and Safety Liabilities with respect to any of the Facilities in which the any of the Companies had an interest, or with respect to any Facility to which Hazardous Materials were generated, manufactured, transferred or used by any of the Companies or, to CAC's Knowledge, any other Person for whose conduct they are or may be held responsible, or from which Hazardous Materials have been transported, treated, stored or otherwise handled.

(e) None of the Companies or, to CAC's Knowledge, any other Person for whose conduct they are or may be held responsible, has any Environmental, Health and Safety Liabilities with respect to the Facilities in which any of the Companies (or any predecessor thereof), has or had an interest, or at any property geologically or hydrologically adjoining the Facilities.

(f) There are no Hazardous Materials present on or in the Environment at the Facilities or to CAC's Knowledge, at any geologically or hydrologically adjoining property. None of the Companies, or to CAC's Knowledge, any other Person, has permitted or conducted, or is aware of, any Hazardous Activity conducted with respect to the Facilities or any other properties or assets (whether real, personal, or mixed) in which any of the Companies has or had an interest.

(g) There has been no Release or, to the CAC's Knowledge, Threat of Release, of any Hazardous Materials at, on, beneath, in, or from (i) the Facilities; (ii) any other locations in which any of the Companies has or had an interest; (iii) any locations utilized by the Companies, or transported to or from the Facilities or any other locations in which any of the Companies has or had an interest, for purposes of treatment, storage or disposal of Hazardous Materials; or (iv) to CAC's Knowledge, any geological or hydrologically adjoining property.

(h) The Sellers' Representative has delivered to Buyer or its Representatives true and complete copies of (i) all Governmental Authorizations concerning compliance with Environmental Laws and (ii) results of any reports, studies, analyses, tests, or monitoring possessed or initiated by any of the Companies pertaining to Hazardous Materials or Hazardous Activities in, on, or under the Facilities, or concerning compliance by any of the Companies with Environmental Laws.

3.18 Employees; Employee Matters

(a) Except as set forth in Part 3.18(a) of the Disclosure Letter, each employee of the Companies is an "at-will" employee and there are no written employment or compensation agreements of any kind between any of the Companies and any of such employees.

(b) Except as set forth in Part 3.18(b) of the Disclosure Letter, to CAC's Knowledge, no employee of any of the Companies is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, noncompetition or proprietary rights agreement, between such employee and any other Person ("Proprietary Rights Agreement") that in any way adversely affects or will affect (i) the performance of such employee's duties as an employee of the Companies, or (ii) the ability of the Companies to conduct its business, including any Proprietary Rights Agreement with the Companies by any such employee.

(c) Part 3.18(c) of the Disclosure Letter contains a complete and accurate list of the following information for each retired employee or director of the Companies, or their dependents, receiving benefits or scheduled to receive benefits in the future: name, pension benefit, pension option election, retiree medical insurance coverage, retiree life insurance coverage, and other benefits.

(d) (i) None of the Companies is a party to (i) any collective bargaining agreement or similar agreement with any labor organization or employee association, (ii) any other written contract concerning employment or (iii) any binding oral contract concerning employment;

(ii) no grievance or arbitration Proceeding arising out of or under any collective bargaining agreement is pending, and no such grievance or Proceeding is, to CAC's Knowledge, Threatened, against any of the Companies;

(iii) there is no pending or, to CAC's Knowledge, Threatened (i) labor dispute between any of the Companies and any labor organization, or strike, slowdown, jurisdictional dispute, work stoppage or other similar organized labor activity involving any employee of the Companies, or (ii) union organizing or election activity involving any employee of any of the Companies;

(iv) the Companies are in compliance with all material Legal Requirements regarding labor, employment and employment practices, conditions of employment, occupational safety and health, and wages and hours, including any bargaining or other obligations under the National Labor Relations Act (collectively, "Labor Laws");

(v) none of the Companies is engaged in any unfair labor practice, and there is no unfair labor practice charge pending or, to CAC's Knowledge, Threatened against any of them before the National Labor Relations Board or other Governmental Body;

(vi) no union claims to represent any of the employees of the Companies;

(vii) no charges are pending or, to CAC's Knowledge, Threatened by or on behalf of any employee or former employee of any of the Companies against any of them before the Equal Employment Opportunity Commission or any other Governmental Body;

(viii) no investigation with respect to any of the Companies is in progress or, to CAC's Knowledge, Threatened by any Governmental Body responsible for the enforcement of any Labor Law;

(ix) none of the Companies is delinquent in any payments to any employee for any wages, salaries, commissions, bonuses, fees or other direct compensation due with respect to any services performed for it to the date hereof or amounts required to be reimbursed to such employees;

(x) none of the Companies is subject to any Order or private settlement Contract in respect of any labor or employment matters;

(xi) each of the Companies is, and at all times since February 10, 2004 has been, in compliance in all material respects with the requirements of the IRCA, as the IRCA applies to any employee of the Companies; and

(xii) there is no policy, plan or program of paying severance pay or any form of severance compensation in connection with the termination of any employee of the Companies.

3.19 Intellectual Property

(a) The term "Intellectual Property Assets" means:

(i) all trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations and combination thereof and including all good will associated therewith, and all U.S., state, and foreign applications, registrations and renewals in connection therewith (collectively, "Marks");

(ii) all U.S. and foreign patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, reexaminations, provisionals, divisions, renewals, revivals, and any foreign counterparts thereof and all registrations and renewals in connection therewith (collectively, "Patents");

(iii) all copyrightable works, copyrights and all applications, registrations and renewals in connection therewith; and mask works and all

applications, registrations and renewals in connection therewith (collectively, "Copyrights"); and

(iv) all trade secrets, inventions and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, business and marketing plans and proposals, assembly, test, installation, service and inspection instructions and procedures, technical, operating and service and maintenance manuals and data, hardware reference manuals and engineering, programming, service and maintenance notes and logs) (collectively, "Proprietary Information");

(v) all computer software (including all source code, object code, data and related documentation) (collectively, "Computer Software");

(vi) all Internet addresses, URL, domain names, websites and web pages (collectively, "Domain Names"); and

(vii) goodwill related to all of the foregoing;

in each case owned, used, or licensed by any of the Companies as licensee or licensor.

(b) (i) Part 3.19(b) of the Disclosure Letter contains a complete and accurate list, including any royalties paid or received by the Companies, of all Applicable Contracts relating to the Intellectual Property Assets, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than $75,000 under which any of the Companies is the licensee. There are no outstanding or, to CAC's Knowledge, Threatened disputes or disagreements with respect to any such Applicable Contracts.

(ii) The execution, delivery and performance of this Agreement and the consummation of the Contemplated Transactions will not breach, violate or conflict with any Applicable Contract concerning the Intellectual Property Assets.

(iii) Except as set forth in Part 3.19(b) of the Disclosure Letter, the execution, delivery and performance of this Agreement and the consummation of the Contemplated Transactions will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any Person in respect of, the Companies' right to own or use any of the Intellectual Property Assets as owned or used in the conduct of the business as currently conducted. Neither this Agreement nor the Contemplated Transactions will result in any of the Companies or, to CAC's Knowledge, Buyer or any of its affiliates: (a) granting to any Person any incremental right to any Intellectual Property

Assets owned by, or licensed to, any of them, (b) being bound by, or subject to, any incremental non-compete or other incremental restriction on the operation or scope of their respective business, or (c) being obligated to pay incremental royalties or other amounts, or offer any incremental discounts, to any Person. As used in this Section 3.19(b), an "incremental" right, non-compete, restriction, royalty or discount refers to a right, non-compete, restriction, royalty or discount, as applicable, in excess of the rights, non-competes, restrictions, royalties or discounts payable that would have been required to be offered or granted, as applicable, had the Parties not entered into this Agreement or consummated the Contemplated Transactions.

(c) (i) The Intellectual Property Assets are all those necessary for the operation of the business of the Companies as it is presently conducted. Except as set forth in Part 3.19(c) of the Disclosure Letter, the Companies are the owner of all right, title, and interest in and to, or has a valid license or other right to use, each of the Intellectual Property Assets, free and clear of all Encumbrances other than Permitted Encumbrances, and except as set forth in Part 3.19(c) of the Disclosure Letter, the Companies have the right to use without payment to any Person all of the Intellectual Property Assets.

(ii) Except as set forth in Part 3.19(c) of the Disclosure Letter, all former and current employees of the Companies have executed written Contracts with the Companies that assign to the Companies all rights to any inventions, improvements, discoveries, or information relating to the business of the Companies. No employee of the Companies has entered into any Contract that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his work to any Person other than the Companies.

(d) Part 3.19(d)(i) of the Disclosure Letter contains a complete and accurate list of all Patents, Marks, registered Copyrights, Computer Software, and Domain Names.

(i) All of the issued Patents and Marks that have been registered with the United States Patent and Trademark Office or a foreign patent and/or trademark office, and Copyrights (which have been registered) are currently in compliance with all Legal Requirements (including payment of filing, examination, and maintenance fees, proofs of working or use, timely post-registration filing of affidavits of use and incontestability and renewal applications), are subsisting, valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the Closing Date.

(ii) No Intellectual Property Asset has been or is now involved in any interference, reissue, reexamination, opposition, invalidation or cancellation proceeding, and (A) no such action is, to CAC's Knowledge, Threatened with respect to any Intellectual Property Asset, and (B) (1) there is no interfering or conflicting patent or patent application of any Person with respect to any Patent,

(2) there is no interfering or conflicting trademark, service mark, trademark application or service mark application of any Person with respect to any Mark, and (3) none of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any Person or is a derivative work based on the work of any Person, except, in the case of (B)(1) and (2), as would not reasonably be expected to have a Material Adverse Effect.

(iii) To CAC's Knowledge, except as set forth on Part 3.19(d)(iii) of the Disclosure Letter, the no Intellectual Property Asset is violated, infringed, or misappropriated by any Person or has been challenged or Threatened in any way by any Person and during the preceding twelve months, and none of the Companies have Threatened or asserted any claims or initiated any Proceeding that another Person is violating, infringing, or misappropriating any of the Intellectual Property Assets.

(iv) To CAC's Knowledge, neither (A) the conduct of their respective businesses as currently conducted by the Companies, (B) the websites, packaging or promotional materials used, displayed, and/or distributed by the Companies, (C) the products or services manufactured, imported, exported, marketed, advertised, offered for sale, displayed, distributed, used, and/or sold by the Companies, nor (D) the processes or Proprietary Information used by the Companies to manufacture, import, export, offer for sale, sale, display, distributed, or use such products or services violate, infringe, or misappropriate any Intellectual Property Rights or other proprietary right of any other Person, and no Person during the preceding twelve months has, except as set forth on Part 3.19(d)(iii) of the Disclosure Letter, to CAC's Knowledge, Threatened in any way the Companies that the any of the Companies has violated, infringed, or misappropriated any Intellectual Property Rights of such Person.

(v) To CAC's Knowledge, the documentation relating to each item of Proprietary Information is current, accurate and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the Knowledge or memory of any individual.

(vi) The Companies have taken commercially reasonable precautions to protect the goodwill and value of their Marks. All products and materials containing a Mark bear the proper federal registration notice where permitted by applicable Legal Requirements and, to CAC's Knowledge, all products of the Companies bear a proper patent notice where permitted by applicable Legal Requirements.

(vii) The Companies have taken all reasonable precautions to protect the secrecy, confidentiality and value of their Proprietary Information.

(viii) The Companies have good title to or an absolute (but not necessarily exclusive) right to use the Proprietary Information. To CAC's

Knowledge, the Proprietary Information are not publicly known or disclosed in any publicly available literature, and have not been used, disclosed, divulged, or appropriated either for the benefit of any Person (other than the Companies) or to the detriment of the Companies. No Proprietary Information is subject to any adverse claim or has been challenged or, to CAC's Knowledge, Threatened in any way.

(ix) There are no written consents, settlements, judgments, injunctions, decrees, awards, stipulations, orders or similar litigation-related, *inter partes* or adversarial-related obligations to which any of the Companies is a party (or, to CAC's Knowledge, to which any of the Companies is otherwise bound), that will materially (A) restrict the rights of any of the Companies to use, transfer, license or enforce any of the Intellectual Property Assets, or (B) restrict the conduct of the business.

(x) To CAC's Knowledge, no employee, officer, director, agent or consultant of any of the Companies is in breach of confidentiality restrictions in favor of any Person, the breach of which could subject any of the Companies to any material liability.

3.20 Brokers or Finders

Except for the Harris Williams Fee Amount, none of the Companies nor any of their respective agents has incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

3.21 Certain Payments

Since February 10, 2004, neither the Companies nor any director, officer, agent or, to CAC's Knowledge, employee of the Companies has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kick back, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Companies, or (iv) in violation of any Legal Requirement, or (b) established or maintained any fund or asset that has not been recorded in the books and records of the Companies.

3.22 Customers and Suppliers

(a) Set forth on Part 3.22(a) of the Disclosure Letter is a list of the fifteen (15) largest customers of the Companies in terms of annual gross sales for the trailing 12-month period ended October 31, 2006. Except as set forth on Part 3.22(a) of the Disclosure Letter, no such customer has notified the Sellers or the Companies, and CAC has no Knowledge, that any such customer intends to (i) terminate its business

relationship with the Companies or (ii) materially decrease the amount of products it purchases from the Companies.

(b) Except as set forth on Part 3.22(b) of the Disclosure Letter, since June 30, 2006, no material vendor or supplier of the Companies has notified any of the Companies that it intends to terminate, or decrease the rate of or increase the price of, supplying goods or services to the Companies.

3.23 No Undisclosed Liabilities

Except as set forth in Part 3.23 of the Disclosure Letter, the Companies have no liabilities or obligations of any nature except for (i) liabilities or obligations reflected or reserved against in the Interim Balance Sheet, and (ii) current liabilities that have arisen in the Ordinary Course of Business since the date of the Interim Balance Sheet (none of which is a liability for breach of contract, tort, infringement, claim, lawsuit or breach of warranty).

3.24 No Products Liabilities; Product Warranties

(a) Except as set forth on Part 3.24(a) of the Disclosure Letter, there is no pending or, to CAC's Knowledge, Threatened civil, criminal or administrative actions, suits, demands, claims, hearings, notices of violation, demand letters, investigations or any other similar Proceeding relating to injury to person or property of employees or any third parties suffered as a result of any product manufactured, distributed or sold by or on behalf of any of the Companies or performance of any service by the Companies, including claims arising out of any breach of product warranty (other than warranty service and repair claims in the ordinary course of business not material in amount or significance), strict liability in tort, negligent manufacture of product, negligent provision of services or any other allegation of liability, including or resulting in, but not limited to, product recalls, arising from the materials, design, testing, manufacture, packaging, labeling (including instructions for use), materials or workmanship or sale of its products or from the provision of services or otherwise alleging any liability of any of the Companies as a result of any defect or other deficiency with respect to any product manufactured, distributed or sold by or on behalf of the Companies or performance of any service by the Companies (hereafter collectively referred to as "Product Liability Claims") prior to the date hereof. There is no pending or, to CAC's Knowledge Threatened, and, to CAC's Knowledge, there is no basis for, any recall or potentially nationwide Proceeding alleging recurring or inherent defect in the design, manufacture or assembly of products sold by the Companies.

(b) As of the date hereof, and except as set forth on Part 3.24(b) of the Disclosure Letter, since January 1, 2000 no product manufactured or sold by any of the Companies has been the subject of any material recall or similar action instituted by any Governmental Body or undertaken by any of the Companies on a voluntary basis. Except as set forth on Part 3.24(b) of the Disclosure Letter, during the two-year (2) period preceding the date hereof, none of the Companies has paid, settled or otherwise incurred any uninsured or insured liability with respect to, any Product Liability Claims.

Substantially all of the products manufactured or sold by the Companies have conformed in all material respects with all applicable contractual commitments and all express or implied warranties and none of the Companies has any material liability for replacement or repair thereof or other Damages in connection therewith.

3.25 Accuracy of Information

Neither the representations or warranties of CAC in this Agreement nor any statement contained in the Disclosure Letter, certificates or other written statements and information furnished to Buyer or its Representatives by or on behalf of Sellers or Companies in connection with the negotiation, execution and delivery of this Agreement and the Contemplated Transactions contain any material misstatement of fact or omits to state a material fact or any fact necessary to make the statements contained therein, in light of the circumstances under which such statements are made, not misleading. As of the Closing Date, to CAC's Knowledge, there is no fact that could reasonably be expected to have a Material Adverse Effect and which has not been set forth or referred to in this Agreement or such Disclosure Letter, certificates, statements or information heretofore furnished to Buyer or its Representatives.

3A. Representations and Warranties of Sellers

Each Seller represents and warrants to Buyer (with respect to itself only), as of the date of this Agreement and as of the Closing Date, as follows:

3A.1 Organization and Good Standing

Such Seller is, in the case of CODI, a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and, in the case of Norwest, a limited partnership duly organized, validly existing and in good standing under the laws of the State of Minnesota.

3A.2 Authority

This Agreement constitutes the legal, valid and binding obligations of such Seller, enforceable against it in accordance with its terms. Such Seller has the power and authority and, in the case of a Seller who is a natural person, the capacity to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery by such Seller of this Agreement and the consummation by such Seller of the Contemplated Transactions have been duly authorized and approved and no other action with respect to such Seller is necessary in order to authorize this Agreement or, to the extent applicable to such Seller, consummate the Contemplated Transactions. Except as set forth on Part 3A.2 of the Disclosure Letter, such Seller is not required to give any notice to or obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3A.3 Title to the Shares

Such Seller is on the date of this Agreement and will be on the Closing Date (prior to giving effect to the consummation of the Contemplated Transactions) the record and beneficial owner and holder of good and valid title to that number of Shares specified by such Seller's name on Part 3A.3 of the Disclosure Letter, free and clear of all Encumbrances on the Closing Date, after giving effect to the provisions of Section 12.4 hereof.

3A.4 Relationships with Related Persons

Except as set forth in Part 3A.4 of the Disclosure Letter, neither such Seller nor (except in the case of Norwest) any of its Related Persons, other than the Companies, has any interest in any property (whether real, personal or mixed and whether tangible or intangible) used in or pertaining to the business of the Companies. Except as set forth in Part 3A.4 of the Disclosure Letter, neither such Seller nor (except in the case of Norwest) any of its Related Persons (i) has a material direct financial interest in any transaction with the Companies, or (ii) engages in competition with the Companies with respect to any line of the products or services of the Companies in any market presently served by the Companies. Except for such Seller's rights to the payments provided herein for such Seller's Shares and to other compensation and distributions, if any, that such Seller currently receives from the Companies, and except as set forth in Part 3A.4 of the Disclosure Letter, neither such Seller nor (except in the case of Norwest) any Related Person of such Seller is a party to any Contract with, or has any claim or right against, the Companies.

3A.5 No Conflicts

The execution and delivery by such Seller of this Agreement and the other Transaction Documents to which such Seller is a party, and the consummation by such Seller of the Contemplated Transactions contemplated hereby and thereby that are applicable to such Seller, will not result in a breach of, or constitute a default under, or give rise to any right or cause of action under, any contractual obligations of such Seller or any of the Organizational Documents of such Seller or any Legal Requirement applicable to such Seller. Except as set forth on Part 3A.2 of the Disclosure Letter, no approval, consent, authorization or other order of, and no declaration, filing, registration, qualification or recording with, any Governmental Authority or any other Person, including, without limitation, any party to any contractual obligation of such Seller, is required to be made by or on behalf of such Seller in connection with the execution, delivery or performance by such Seller of this Agreement and the consummation of the Contemplated Transactions applicable to such Seller.

3A.6 Investment Representations

If such Seller is a Rollover Shareholder, such Seller (a) is acquiring the Rollover Equity acquired pursuant hereto for his own account with the present intention of holding such securities for purposes of investment, and that he has no intention of selling such securities in a public distribution in violation of the federal securities laws or any applicable state securities laws, (b) with respect to D'Arcy, Beckwith, Upham, Schultz,

Hampton only, is an "accredited investor" and a sophisticated investor for purposes of applicable U.S. federal and state securities laws and regulations, (c) was not offered the Rollover Equity by any means of general solicitation or general advertising, (d) believes that he has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in Buyer, and (e) is able to bear the economic risks of an investment in the Rollover Equity and could afford a complete loss of such investment.

3A.7 Legal Proceedings

There is no pending Proceeding that has been commenced or, to the Knowledge of such Seller, Threatened against such Seller that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions.

3A.8 Brokers or Finders

Neither such Seller nor any of its officers or agents has incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement or the Contemplated Transactions.

4. Representations and Warranties of Buyer

Buyer represents and warrants to Sellers as follows:

4.1 Organization and Good Standing

Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority; No Conflict

(a) This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Buyer has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) Except as set forth in Schedule 4.2, neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer will give any Person the right to prevent, delay or otherwise interfere with any of the Contemplated Transactions pursuant to:

(i) any provision of Buyer's Organizational Documents;

(ii) any resolution adopted by the members of Buyer; or

(iii) any Legal Requirement or Order to which Buyer may be subject.

Except as set forth in Schedule 4.2, Buyer is not and will not be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

4.3 Securities Act Representation

(a) Buyer is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act.

(b) Buyer is capable of evaluating the merits and risks of its investment in the Companies and has the capacity to protect its own interests.

(c) Buyer is able to bear the economic risk of its investment in the Rollover Shares and the Purchased Shares for an indefinite period of time, including the risk of a complete loss of its investment therein. Buyer acknowledges that the Rollover Shares and the Purchased Shares have not been registered or qualified, as the case may be, under the Securities Act or any applicable state securities laws and, therefore, cannot be sold unless subsequently registered or qualified, as the case may be, under the Securities Act or any applicable state securities laws or an exemption from such registration or qualification is available.

(d) Buyer is acquiring the Rollover Shares and the Purchased Shares for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. Buyer understands that the Rollover Shares and the Purchased Shares to be purchased are and will be "restricted securities" under the federal securities laws and have not been, and will not be, registered or qualified, as the case may be, under the Securities Act or any applicable state securities laws by reason of a specific exemption from the registration or qualification provisions of the Securities Act or any applicable state securities laws, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Buyer's representations as expressed herein. Buyer acknowledges that the Rollover Shares and the Purchased Shares generally may not be sold or otherwise transferred without satisfying the registration and qualification requirements of federal and applicable state securities laws.

(e) Buyer acknowledges that it has had an opportunity to ask questions and receive answers concerning the terms and conditions of its purchase of the Shares and has had an opportunity to discuss the business, management, financial affairs and prospects of the Companies with their respective officers. Buyer believes that it has received all the information it considers necessary or appropriate with respect to its decision to purchase such shares. Nothing in this Section 4.3 shall (i) limit or modify the representations and warranties of the Sellers or CAC or the right of Buyer to rely thereon and (ii) limit or modify the obligations of the Sellers under this Agreement for breaches of representations or warranties or the ability of Buyer to obtain indemnification with respect thereto pursuant to this Agreement.

4.4 Certain Proceedings

There is no pending Proceeding that has been commenced against Buyer and that challenges, or may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been Threatened.

4.5 Brokers or Finders

Buyer and its officers and agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

5. Covenants of CAC [Intentionally Omitted]

6. Covenants of Buyer [Intentionally Omitted]

7. Conditions Precedent to Buyer's Obligation to Close

Buyer's obligation to purchase the Purchased Shares and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction of each of the following conditions (any of which may be waived by Buyer, in whole or in part):

7.1 Accuracy of Representations

All of the Sellers' and CAC's representations and warranties in this Agreement must be accurate in all respects and Buyer shall have received a certificate to such effect signed by each Seller and an authorized officer of CAC.

7.2 Required Consents

Each of the Consents identified in Part 7.2 of the Disclosure Letter must have been obtained and must be in full force and effect.

7.3 Diablo

As of the Closing Date, the aggregate amount of the available cash, accounts receivable (net of applicable reserves) and inventories of Diablo shall equal or exceed the sum of its accounts payable and the Liabilities under the Diablo Loan Agreements.

8. Conditions Precedent to the Sellers' Obligation to Close

Each Seller's obligations to contribute its Rollover Shares and sell its Purchased Shares and Redeemed Shares and to take the other actions required to be taken by it at the Closing are subject to the satisfaction of the following condition (which may be waived by the Sellers' Representative in whole or in part):

8.1 Accuracy of Representations

All of Buyer's representations and warranties in this Agreement must be accurate in all respects and the Sellers' Representative shall have received a certificate to such effect signed by an authorized manager of Buyer.

9. Termination [Intentionally Omitted]

10. Indemnification; Remedies

10.1 Survival

All representations, warranties, covenants and obligations in this Agreement, the Disclosure Letter, and any certificate or document delivered pursuant to this Agreement shall survive the Closing, subject, however, to Section 10.4.

10.2 Indemnification and Payment of Damages by Sellers

Subject to the limitations contained in this Section 10 (including Section 10.5(c)), each Seller shall indemnify and hold harmless Buyer, the Companies and their respective Representatives (collectively, the "Buyer Indemnified Persons") from and against any and all losses, liability, claims, damages, deficiencies, assessments, judgments, penalties, fines and other expenses (including costs of investigation, settlement and defense and reasonable attorneys' fees and including expenses related to prosecuting insurance claims net of amounts recovered as a result of such prosecution) and costs (including court costs), whether or not involving a third-party claim, in each case, reduced by the amount of any insurance received in respect thereof (net of increased premiums as a result thereof) (collectively, "Damages"), arising, directly or indirectly, from or in connection with:

(a) any Breach of any representation or warranty made by CAC or by such Seller in this Agreement, the Disclosure Letter or any other certificate delivered to Buyer pursuant to this Agreement;

(b) any Breach by CAC or such Seller of its covenants or obligations in this Agreement;

(c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made

by any such Person with such Seller or the Companies (or any Person acting on their behalf) in connection with any of the Contemplated Transactions; and

(d) any Taxes of any of the Companies with respect to any Tax year or portion thereof ending on or before the Closing Date (or for any Tax year beginning before and ending after the Closing Date to the extent allocable (as determined in the following sentence) to the portion of such period beginning before and ending on the Closing Date, but without duplication of Taxes that have been (i) paid as estimated Taxes to the relevant Taxing authority prior to the Closing Date or (ii) are Adjusted Current Liabilities that are taken into account in the determination of the final Adjustment Amount), and the unpaid Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise for which the Companies are liable in respect of periods prior to the Closing. For purposes of the preceding sentence, in the case of any Taxes that are imposed on a periodic basis and are payable for a Tax period that includes (but does not end on) the Closing Date, the portion of such Tax that relates to the portion of such Tax period ending on the Closing Date shall (x) in the case of any Taxes other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on the Closing Date and the denominator of which is the number of days in the entire Tax period, and (y) in the case of any Tax based upon or related to income or receipts, be deemed equal to the amount which would by payable if the relevant Tax period ended on the Closing Date. For the avoidance of doubt, the indemnification obligation under this Section 10.2(d) shall include indemnification for the amount, if any, of the 2007 Tax Obligation without duplication of any amounts to the extent such amounts are taken into account in determining the Equity Value.

(e) any matters related to Section 12.14, the Companies' failure to fully pay and discharge any Indebtedness at the Closing (other than the Assumed Debt), the Company Transaction Expenses (to the extent not taken into account in determining the Equity Value), any Change of Control Payments, the obligations of such Seller pursuant to Sections 2.5 and 11.1, the Tax audits set forth on Part 3.10(a) or (b) of the Disclosure Letter (to the extent not taken into account in determining the Equity Value) and, subject to Section 10.5(e), the Midwest Walnut Claim;

From and after the Closing, the remedies provided in this Section 10.2 are the sole remedies against Sellers available to Buyer and the other Buyer Indemnified Persons for any claims arising under this Agreement or otherwise relating to the Contemplated Transactions, absent fraud; provided, however, that Buyer, subject to Section 10.5(c), may pursue specific performance, money damages and any other remedy to which Buyer is entitled at law or in equity for any matter that is indemnifiable under clause (b) of this Section 10.2 with respect to covenants or agreements to be performed after the Closing and for the matters set forth in clauses (c) through (e) of this Section 10.2 and no Seller shall have any liability in excess of its Pro Rata Percentage of the Damages with respect thereto but not in excess of its Pro-Rata Percentage of the Adjusted Equity Value.

10.3 Indemnification and Payment of Damages by Buyer

Buyer will indemnify and hold harmless Sellers, and will pay to Sellers the amount of any Damages arising, directly or indirectly, from or in connection with:

(a) any Breach of any representation or warranty made by Buyer in this Agreement or in any certificate delivered by Buyer pursuant to this Agreement,

(b) any Breach by Buyer of any covenant or obligation of Buyer in this Agreement, or

(c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with Buyer (or any Person acting on Buyer's behalf) in connection with any of the Contemplated Transactions.

10.4 Time Limitations

(a) If the Closing occurs, Sellers shall have no liability with respect to any claim for indemnification, reimbursement or otherwise based upon: (i) any representation or warranty (other than claims for indemnification or reimbursement based upon a representation or warranty in Sections 3.1(a), 3.2(a), 3.3, 3.10, 3.11, 3.17, 3A.1, 3A.2, 3A.3, 3A.4 or 3A.6) or any covenant or obligation to be performed and complied with prior to or as a condition of the Closing unless Buyer notifies Sellers' Representative of such claim on or before the first (1st) anniversary of the Closing Date; (ii) a representation or warranty in Section 3.17 unless Buyer notifies Sellers' Representative of such claim on or before the second (2nd) anniversary of the Closing Date; (iii) any representation or warranty in Sections 3.10 or 3.11 unless Buyer notifies Sellers' Representative of such claim on or before expiration of the applicable statute of limitation with respect to such claim; or (iv) any representation or warranty in Sections 3.1(a), 3.2(a), 3.3, 3A.1, 3A.2, 3A.3, 3A.4 or 3A.6 or any covenant or obligation to be performed and complied with after the Closing unless Buyer at any time notifies Sellers' Representative of such claim; provided, however, that with respect to each such claim, Buyer's notification to Sellers' Representative of such claim shall be in writing and shall specify the factual basis thereof in reasonable detail to the extent then known by Buyer.

(b) If the Closing occurs, Buyer will have no liability (for indemnification or otherwise) based upon (i) any representation or warranty (other than claims for indemnification or reimbursement based upon a representation or warranty in Sections 4.1, 4.2(a) or 4.3) or covenant or obligation to be performed and complied with prior to the Closing Date, unless Sellers' Representative notifies Buyer of such claim on or before the first (1st) anniversary of the Closing Date, or (ii) any covenant or obligation to be performed and complied with after the Closing or any representation or warranty in Sections 4.1, 4.2(a) or 4.3 unless Sellers' Representative at any time notifies Buyer of such claim; provided, however, that with respect to each such claim, Sellers' Representative's notification to Buyer of such claim shall be in writing and shall specify

the factual basis thereof in reasonable detail to the extent then known by Sellers' Representative.

10.5 Limitations on Amount

(a) The Sellers shall have no liability (for indemnification or otherwise) with respect to the matters described in clause (a) of Section 10.2 (exclusive of Damages arising from or related to any Breach by CAC or Sellers of any representation or warranty under Sections 3.3, 3.10, 3A.3, 3A.4 or 3A.6 or a claim based on fraud) until the aggregate of all claims for Damages with respect to such matters exceeds $500,000 (the "Indemnification Basket"), and then only, in the aggregate, for the amount by which such Damages exceed the Indemnification Basket. The aggregate liability of all Sellers for all claims for Damages (exclusive of Damages arising from or related to of claims arising out of or related to (i) fraud, (ii) claims with respect to any covenant or obligation to be performed and complied with after the Closing, (iii) indemnification obligations pursuant to Sections 10.2(c) through (e) and (iv) any Breach by CAC or the Sellers of any representation or warranty under Sections 3.3, 3.10, 3A.3, 3A.4 or 3A.6, with Damages related to the items set forth in clauses (i), (ii), (iii) and (iv) collectively referred to as, the "Cap Excluded Damages") shall be limited to $7,000,000 (the "Indemnification Cap") and each Seller's aggregate liability for such Damages (but not with respect to the Cap Excluded Damages) shall be limited to such Seller's Pro Rata Percentage of the Indemnification Cap. The aggregate liability of all Sellers' for all claims for Damages arising from or related to any Breach by CAC or Sellers of any representation or warranty under Sections 3.3, 3.10, 3A.3, 3A.4 or 3A.6 and any other Cap Excluded Damages shall be limited to the Adjusted Equity Value and each Seller's aggregate liability for such Damages shall be limited to such Seller's Pro Rata Percentage of the Adjusted Equity Value.

(b) With respect to each representation or warranty that is Qualified, no such Qualification shall be permitted for the purpose of determining whether an inaccuracy or breach of such representation or warranty has occurred or the amount of any Damages that is the subject of indemnification hereunder; provided, however, there shall be no indemnification obligation pursuant to clause (a) of Section 10.2 above (except with respect to fraud and Breaches of the representations contained in Section 3.10) for any individual instance or matter unless Damages from such instance or matter exceeds $15,000 (the "Threshold") (with Damages arising out of the same or related circumstances being aggregated for the purposes of determining the satisfaction of the Threshold). For purposes of determining whether the Indemnification Basket has been met, all Damages whether beneath or above the Threshold shall count towards the Indemnification Basket without regard to any Qualification.

(c) The Sellers shall have no obligation to indemnify the Buyer Indemnified Parties solely to the extent of any liability of the Companies included in the calculation of the Adjusted Net Working Capital, as finally determined under the procedures set forth in Section 2.5. No Seller shall have any liability for indemnification pursuant to this Section 10 in excess of its Pro Rata Percentage of the Damages with respect thereto. Notwithstanding any provision of this Agreement to the contrary but subject to the

applicable limitations contained in this Section 10, the Buyer Indemnified Parties may recover all Damages resulting from a Breach of the representations, warranties or covenants of a Seller contained in Section 3A only from such Seller and for such purposes such breaching Seller's Pro-Rata Percentage of such Damages shall be deemed to be 100% of such Damages.

(d) Following the Closing Date, the Sellers shall not have any right of contribution, reimbursement or subrogation, or any similar rights, against the Companies for any indemnification payment made by the Sellers and each Seller hereby waives any and all such rights regarding any such payment that it may have against the Companies. For purposes of this Section 10.5, to the extent any facts or circumstances can be deemed a breach of a representation or warranty by the Sellers or CAC or be deemed a matter covered by the specific indemnification obligations set forth in Sections 10.2(c)–(e), such facts and circumstances shall be deemed a matter covered by the specific indemnification obligations set forth in Section 10.2(c)-(e). Any claims, Damages and payments in respect of the specific indemnification obligations set forth in Sections 10.2(c)–(e) shall be disregarded in determining whether and to what extent Damages have been applied to the Indemnification Cap.

(e) To the extent the Damages arising, directly or indirectly, from or in connection with Midwest Walnut Claim exceed the $100,000 reserved and to be taken into account in the determination of the final Adjustment Amount, each Seller shall be liable for its Pro Rata Percentage of fifty (50%) percent of such excess. For purposes of determining the amount of the Damages from the Midwest Walnut Claim such Damages shall be reduced by the fair market value of any gun barrel stock received in connection with the settlement of such claim.

10.6 Procedure for Indemnification—Third Party Claims

(a) Promptly after receipt by an indemnified party under Section 10.2 or 10.3 of notice of the commencement of any Proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under such Section, give notice to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnifying party's failure to give such notice.

(b) If any Proceeding referred to in Section 10.6(a) is brought against an indemnified party and such indemnified party gives notice to the indemnifying party of the commencement of such Proceeding, the indemnifying party will be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying party is also a party to such Proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurance to the indemnified party of its

financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding or the Proceeding or action involves a matter beyond the scope of the indemnification obligations), to assume the defense of such Proceeding with counsel satisfactory to the indemnified party and, after notice from the indemnifying party to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will not, as long as it diligently conducts such defense, be liable to the indemnified party under this Section 10 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified party in connection with the defense of such Proceeding, other than reasonable costs of investigation. If the indemnifying party assumes the defense of a Proceeding, (i) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent unless (A) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person and no effect on any other claims that may be made against the indemnified party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party and the indemnified party obtains a complete release; and (ii) the indemnified party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Proceeding and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will be bound by any determination made in such Proceeding or any compromise or settlement effected by the indemnified party.

(c) Notwithstanding the foregoing, if an indemnified party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the indemnified party may, by notice to the indemnifying party, assume the exclusive right to defend, compromise or settle such Proceeding, but the indemnifying party will not be bound by any determination of a Proceeding so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

10.7 Procedure for Indemnification—Other Claims

A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the party from whom indemnification is sought.

11. Tax Matters

With respect to rights and obligations after the Closing Date for certain Tax matters, Buyer and Sellers hereby agree as follows:

11.1 Tax Matters

The following provisions shall govern the allocation of responsibility as between the Sellers and Buyer for certain Tax matters following the Closing Date:

(a) Buyer shall (and shall cause the Companies), and the Sellers' Representative shall, cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this section and any Proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer shall cause the Companies (i) to retain all books and records with respect to Tax matters pertinent to the Companies relating to any Tax period beginning before the Closing Date until the expiration of the statute of limitations (including any extensions thereof) of the respective Tax periods, and to abide by all record retention agreements entered into with any Taxing authority, and (ii) to give the Sellers' Representative reasonable written notice prior to transferring, destroying or discarding any such books and records, and shall provide Sellers' Representative with a reasonable opportunity to review and copy such books and records prior to their being so transferred, destroyed or discarded.

(b) Buyer shall prepare and timely file (including extensions), or cause to be prepared and timely filed (including extensions), at the expense of the Companies, all income Tax Returns for the Companies for any Taxable period that includes any day or days up to and including the Closing Date. At least ten (10) business days prior to the date that the Companies intend to file each such income Tax Return, Buyer shall provide or cause to be provided to Sellers' Representative a draft of each such Tax Return in such form as contemplated by Buyer to be filed, and inform Sellers' Representative as to the date by which such Tax Return is required to be filed. The Sellers' Representative shall be entitled to review and comment on each such draft income Tax Return and shall provide written comments, if any, to Buyer not later than the day that is five (5) business days after receipt of the applicable income Tax Return. Buyer shall make or cause to be made to each such draft income Tax Return such changes as necessary to reflect the reasonable written comments of the Sellers' Representative so long as Buyer reasonably believes it is "more likely than not" to prevail with respect to such positions and elections if challenged by the applicable Taxing authority. All determinations necessary to give effect to the foregoing, including all income Tax Returns for the taxable periods ended June 30, 2006 and June 30, 2007, shall be made and all income Tax Returns with respect to such periods shall be filed in a manner consistent with prior practice, policies and income tax returns of the Companies so long as Buyer reasonably believes it is "more likely than not" to prevail with respect to such positions and elections if challenged by the applicable taxing Authority. Notwithstanding the foregoing, Buyer will however take the position advocated by Sellers' Representative if Sellers' Representative delivers an opinion of nationally recognized counsel, which opinion is reasonably satisfactory to Buyer, that the particular position advanced is "more likely than not" to so prevail and the Sellers agree to indemnify and hold the Companies and Buyer harmless from and against any Damages in respect of such position not prevailing until thirty days after the expiration of the applicable period of limitations and provides adequate security.

(c) For purposes of this Agreement, (i) the "2007 Tax Refund" means the excess of (X) the sum of the estimated federal and state Tax payments made by the

Companies on or prior to the Closing Date with respect to the Tax year ending June 30, 2007 (such estimated Tax payments being as listed on Part 11.1 of the Disclosure Letter and shall include overpayments from the immediately preceding tax year applied to reduce taxes for the Tax year ending June 30, 2007) (the "Aggregate Estimated Tax Payments") over (Y) the sum of the aggregate liability of the Companies for federal and state income Taxes for such year as shown on the applicable Tax Returns prepared and filed consistent with this Section 11.1 plus the Federal Tax Audit Amount, and (ii) the "2007 Tax Obligation" means the excess of (X) the aggregate liability of the Companies for federal and state income Taxes for such year as shown on the applicable Tax Returns prepared and filed consistent with this Section 11.1 plus the Federal Tax Audit Amount over (Y) the Aggregate Estimated Tax Payments. Notwithstanding anything in the foregoing to the contrary, for purposes of determining the 2007 Tax Refund or 2007 Tax Obligation, as applicable, Taxable income or Taxable loss, as the case may be, of the Companies for the Tax year ending June 30, 2007, and the Tax liabilities in respect thereof, shall be determined using only items of Taxable income and deductible expenses recognized or incurred during the period beginning July 1, 2006 and ending on the close of business on the Closing Date based on an interim closing of the books on the Closing Date and assuming the tax year ended June 30, 2007 was comprised of two tax years – one that ended on the Closing Date and one that began the day after the Closing Date and ended on June 30, 2007. The 2007 Tax Refund or 2007 Tax Obligation, as the case may be, shall be determined (with respect to the Taxable income and expenses during the period beginning July 1, 2006 and ending on the close of business on the Closing Date) taking into account (i) any deductions for compensation resulting from the exercise, purchase or cancellation of employee or director stock options in connection with the Closing, (ii) any deductions for unamortized financing costs resulting from the repayment of indebtedness of the Companies in connection with the Closing, (iii) any deductions for unamortized original issue discount relating to indebtedness of the Companies resulting from the repayment of such indebtedness at, or as a result of, Closing, and (iv) bonuses accrued and taken into consideration in the determination of the final Adjustment Amount, in each case (other than (iv)), so long as the Buyer reasonably believes it is "more likely than not" to prevail with respect to such deductions if challenged by the applicable Taxing authority.

(d) In the event and to the extent that the 2007 Tax Refund or 2007 Tax Obligation as determined pursuant to this Section 11.1 would have resulted in an Equity Value in excess of the Equity Value determined at Closing had such 2007 Tax Refund or 2007 Tax Obligation been used to determined such Equity Value at Closing instead of the 2007 Estimated Tax Refund or 2007 Estimated Tax Obligation, as the case may be, then Buyer shall pay to each Seller such Seller's Pro Rata Percentage of such excess, in immediately available funds, by wire transfer to such bank account or accounts of such Seller, or by such other means, as Sellers' Representative shall specify to Buyer in writing. In the event and to the extent that the 2007 Tax Refund or 2007 Tax Obligation as determined pursuant to this Section 11.1 would have resulted in an Equity Value of less than the Equity Value determined at Closing had such 2007 Tax Refund or 2007 Tax Obligation been used to determined such Equity Value at Closing instead of the 2007 Estimated Tax Refund or 2007 Estimated Tax Obligation, as the case may be, then each Seller shall pay such Seller's Pro Rata Percentage of such deficiency to the Companies;

provided, however, that, to the extent Beckwith then retains any Holdback Amount, Beckwith shall, to the extent of each Seller's Holdback Percentage thereof and the available funds, satisfy each such Seller's (other than CODI and Norwest) allocable portion of such deficiency therefrom. Any payment due pursuant to this Section 11.1 shall be made promptly after the filing of the Company's federal income tax return and New York income tax return, as applicable, for the period ended June 30, 2007.

(e) Except to the extent such treatment is inconsistent with other provisions of this Agreement, any payments made pursuant to the provisions of this Section 11.1 shall be treated by both Buyer and the Sellers for income Tax purposes as an adjustment to the Equity Value.

(f) Except to the extent otherwise used in connection with the calculation of the 2007 Income Tax Obligation or 2007 Income Tax Refund, the Sellers shall be entitled to any refund of Taxes received by (and any credit of Taxes to other Tax obligations of) the Companies with respect to a tax period ending on or prior to the Closing Date (or, with respect to a tax period beginning prior to and ending after the Closing Date, the portion of such period ending on the Closing Date) and Buyer shall cause the Companies to pay to each Seller such Seller's Pro Rata Percentage of the amount of any such refund (or the amount of such credit) (or the portion thereof attributable to the portion of any Taxable period up to and including the Closing Date) in immediately available funds within 15 days of its receipt from (or credit by) the Taxing authority, by wire transfer to such bank account or accounts of such Seller as Sellers' Representative shall specify to Buyer in writing.

12. General Provisions

12.1 Expenses

Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of its respective Representatives. CAC will pay, or cause the other Companies to pay, the Harris Williams Fee Amount and all professional fees and expenses incurred by or on behalf of the Companies, Sellers' Representative and Norwest in connection with this Agreement and the Contemplated Transactions to the extent such amounts reduce the Equity Value for purposes of the determining the amount payable to the Sellers.

12.2 Public Announcements

Any public announcement or similar publicity with respect to this Agreement or the Contemplated Transactions will be issued at such time and in such manner as agreed upon by Buyer and Sellers' Representative; provided, however, notwithstanding the foregoing to the contrary, each party shall be permitted to make, through any reasonable means (including the issuance of a press release) such disclosure as is required by Legal Requirements.

12.3 Confidentiality

Between the date of this Agreement and the Closing and thereafter, each Seller and the Sellers' Representative severally agrees that it will maintain in confidence, and will cause its directors, officers, employees, agents and advisors to maintain in confidence, any written, oral or other information obtained in confidence from another party in connection with this Agreement or the Contemplated Transactions, except as otherwise agreed in writing by Buyer unless (a) such information becomes publicly available through no fault of such party, (b) the use of such information is necessary or appropriate in making any filing or obtaining any consent or approval required for the consummation of the Contemplated Transactions, or (c) the furnishing or use of such information is required by or necessary or appropriate in connection with Proceedings or is otherwise required by any Order or Legal Requirement. Buyer hereby acknowledges that the certain affiliates of the Companies have publicly traded securities and that U.S. securities laws prohibit any person who has material, nonpublic information concerning the Companies or such affiliates from using such information in connection with purchasing or selling such securities.

12.4 Termination of Certain Equity Holder Documents

The parties hereto hereby acknowledge and agree, on behalf of themselves and their affiliates, that the agreements (as they may be amended through the Closing) set forth on Schedule 12.4 shall be terminated effective immediately prior to the Closing and all obligations of the parties thereunder shall terminate without further action on the part of any of the parties thereto and be of no further force and effect and without any liability to any of the Companies or the Sellers.

12.5 Notices

All notices, consents, waivers and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by telecopier (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties):

Sellers:	As specified on Exhibit 12.5
with copies to:	Compass Group Diversified Holdings LLC Sixty One Wilton Road Second Floor Westport, Connecticut 06880 Attention: Alan B. Offenberg Facsimile No.: 203.221.8253

	Squire, Sanders & Dempsey L.L.P. 312 Walnut Street, Suite 3500 Cincinnati, Ohio 45202 Attention: Stephen C. Mahon Facsimile No.: 513.361.1201
Buyer:	Crosman Group LLC c/o Wachovia Capital Partners 2006, LLC 301 South College Street, 12th Floor Charlotte, North Carolina 28298-0732 Attention: Arthur C. Roselle Facsimile No.: 704.374.6711
with a copy to:	Alston & Bird LLP 101 S. Tryon Street, Suite 4000 Charlotte, North Carolina 28280 Attention: Lee R. Rimler, Esq. Facsimile No.: 704.444.1111

12.6 Further Assurances

The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the Sellers' Representative and Buyer may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

12.7 Waiver

The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

12.8 Entire Agreement and Modification

This Agreement supersedes all prior agreements (other than the Confidentiality Agreement) between the parties with respect to its subject matter, and constitutes (along with the Confidentiality Agreement and other documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, and no provision hereof may be waived, except by a written agreement executed by the Buyer and the Sellers' Representative.

12.9 Assignments, Successors and No Third-Party Rights

Buyer may not assign any of its rights or obligations under this Agreement without the prior consent of Sellers' Representative, and the Sellers may not assign any of their respective rights or obligations under this Agreement without the prior consent of Buyer, which consent shall not be unreasonably withheld or delayed. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns. Notwithstanding the foregoing, Buyer may pledge or assign this Agreement to the lenders in connection with the financing related hereto to take effect at the Closing, in each case, without the prior written consent of any other party hereto.

12.10 Severability

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, then the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable.

12.11 Section Headings; Construction

The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

12.12 Time of Essence

With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

12.13 Governing Law

All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement, the Disclosure Letter and all exhibits hereto shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In furtherance of the foregoing, the internal law of the State of New York shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under that jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

12.14 Authority of Sellers' Representative

(a) The Sellers' hereby appoint, authorize and empower the Sellers' Representative to act as their exclusive agent and attorney-in-fact to act on their behalves in connection with, and to facilitate the consummation of, the Contemplated Transactions, which shall include the power and authority:

(i) to execute and deliver such waivers, amendments and consents in connection with this Agreement and the consummation of the Contemplated Transactions as Sellers' Representative, in its sole discretion, may deem necessary or desirable;

(ii) to enforce and protect the rights and interests of the Sellers (including Sellers' Representative in its capacity as a Seller) and to enforce and protect the rights and interests of Sellers' Representative arising out of or under or in any manner relating to this Agreement and each other agreement, document, instrument or certificate referred to herein or therein or the transactions provided for herein or therein (including in connection with any and all claims for indemnification brought under Section 10), and to take any and all actions which Sellers' Representative believes are necessary or appropriate under this Agreement for and on behalf of the Sellers, including asserting or pursuing any claim, action, Proceeding or investigation (a "Claim") against Buyer and/or, after the Closing, the Companies, defending any third- party Claims or Claims by Buyer Indemnified Parties, consenting to, compromising or settling any such Claims, conducting negotiations after the Closing with Buyer and/or any of the Companies and their respective Representatives regarding such Claims, and, in connection therewith, to (A) assert any claim or institute any action, Proceeding or investigation; (B) investigate, defend, contest or litigate any claim, action, proceeding or investigation initiated by Buyer and/or, after the Closing, any of the Companies or any other Person, or by any federal, state or local Governmental Authority against Sellers' Representative and/or any of the Sellers, and receive process on behalf of any or all Sellers in any such claim, action, Proceeding or investigation and compromise or settle on such terms as Sellers' Representative shall determine to be appropriate, and give receipts, releases and discharges with

respect to, any such claim, action, Proceeding or investigation; (C) file any proofs of debt, claims and petitions as Sellers' Representative may deem advisable or necessary; (D) settle or compromise any claims asserted under this Agreement; and (E) file and prosecute appeals from any decision, judgment or award rendered in any such action, Proceeding or investigation, in each case subject to paragraph (b) of this Section 12.14;

(iii) to refrain from enforcing any right of the Sellers or any of them and/or Sellers' Representative arising out of or under or in any manner relating to this Agreement or any other agreement, instrument or document in connection with this Agreement; provided, that no such failure to act on the part of Sellers' Representative, except as otherwise provided in this Agreement, shall be deemed a waiver of any such right or interest by Sellers' Representative or by the Sellers unless such waiver is in writing signed by the waiving party or by Sellers' Representative;

(iv) to make, execute, acknowledge and deliver all such other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, unit powers, letters and other writings, and, in general, to do any and all things and to take any and all action that Sellers' Representative, in its sole and absolute discretion, may consider necessary or proper or convenient, in connection with or to carry out the Contemplated Transactions, and all other agreements, documents or instruments referred to herein or executed in connection herewith; and

(v) Beckwith shall establish a separate interest bearing account to hold the Holdback Amount. Such amount shall be held by Beckwith and used to satisfy obligations of the Sellers (other than CODI and Norwest) pursuant only to Section 2.5 and Section 11.1. The parties agree and acknowledge that the aggregate amount payable to the Sellers at the Closing shall be reduced by Holdback Amount and the amount payable to each Seller at Closing shall be reduced by such Seller's Holdback Percentage of the Holdback Amount. The parties hereto agree and acknowledge that Beckwith shall not have the authority to distribute the Holdback Amount (or portions thereof) until such time as the obligations of the applicable Sellers under Section 2.5 and Section 11.1 have been satisfied or terminated, at which time Beckwith shall promptly distribute any Holdback Amount then remaining to the Sellers in proportion to their Holdback Percentages. Notwithstanding the foregoing, to the extent the Holdback Amounts (after reduction for any amounts payable therefrom in connection with the final resolution of the Adjustment Amount pursuant to Section 2.5) exceeds $25,000, Beckwith may distribute such excess to the Sellers (other than CODI and Norwest). Any remaining balance of the Holdback Amount shall be distributed upon the final resolution of the 2007 Tax Refund and 2007 Tax Obligation pursuant to Section 11.1.

Notwithstanding the foregoing, Sellers' Representative shall have no power or authority to (i) defend any Claim against any Seller with respect to which all Sellers do not share

liability in accordance with their Pro Rata Percentages or take any other action with respect to any such Claim, or (ii) act in any manner that affects the rights and obligations of any Seller differently from the rights and obligations of the other Sellers.

(b) In connection with this Agreement and any instrument, agreement or document relating hereto, and in exercising or failing to exercise all or any of the powers conferred upon it hereunder (i) Sellers' Representative shall incur no responsibility whatsoever to any of the Sellers by reason of any error in judgment or other act or omission performed or omitted hereunder or in connection with any such other agreement, instrument or document, excepting only responsibility for any act or failure to act which represents gross negligence or willful misconduct, and (ii) Sellers' Representative shall be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of Sellers' Representative pursuant to such advice shall in no event subject Sellers' Representative to liability to any of the Sellers. Each Seller shall indemnify Sellers' Representative against and for its Pro Rata Percentage of all out-of-pocket costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened or any claims whatsoever, arising out of or in connection with any claim, investigation, challenge, action or Proceeding or in connection with any appeal thereof, relating to the acts or omissions of Sellers' Representative hereunder. The foregoing indemnification shall not apply in the event of any action or Proceeding which finally adjudicates the liability of Sellers' Representative hereunder for its gross negligence or willful misconduct.

(c) All of the indemnities, immunities and powers granted to Sellers' Representative under this Agreement shall survive the Closing Date and/or any termination of this Agreement.

(d) The Sellers hereby agree and acknowledge that the Buyer shall have the right to rely upon all actions taken or omitted to be taken by Sellers' Representative pursuant to this Agreement without any requirement or duty to confirm with or have validated by any Seller such actions or omissions, all of which actions or omissions shall be legally binding upon the Sellers.

12.15 Provision Regarding Legal Representation

Each of the parties to this Agreement hereby agrees, on its own behalf and on behalf of its directors, members, partners, officers, employees and affiliates, that Squire, Sanders & Dempsey L.L.P. ("Squire Sanders") may serve as counsel to Sellers' Representative and its affiliates (individually and collectively, the "Seller Parties"), on the one hand, and CAC and the other Companies, on the other hand, in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the Contemplated Transactions, and that, following consummation of the Contemplated Transactions, Squire Sanders (or any of its successors) may serve as counsel to the Seller Parties and any director, member, partner, officer, employee or affiliate of the Seller Parties, in connection with any litigation, claim or obligation arising out of or relating to this Agreement or the Contemplated Transactions notwithstanding

such representation and each of the parties hereto hereby consents thereto and waives any conflict of interest arising therefrom, and each of such parties shall cause any affiliate thereof to consent to waive any conflict of interest arising from such representation.

12.16 Independence of Covenants and Representations and Warranties

All covenants hereunder shall be given independent effect so that if a certain action or condition constitutes a default under a certain covenant, the fact that such action or condition is permitted by another covenant shall not affect the occurrence of such default, unless expressly permitted under an exception to such initial covenant. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of or a breach of a representation and warranty hereunder.

12.17 Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

{Remainder of page intentionally left blank; execution page follows.}

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

BUYER:

CROSMAN GROUP LLC

By: _____
Arthur C. Roselle, Manager

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

SELLER PARTIES:

COMPASS GROUP DIVERSIFIED HOLDINGS LLC, as Seller

By: _____

Its: _____

NORWEST MEZZANINE PARTNERS I, LP,
a Minnesota limited partnership

By: Itasca Mezzanine Partners I, LLP, a Minnesota limited liability partnership, its General Partner

By: _____

Its: _____

CROSMAN ACQUISITION CORPORATION

By: _____

Its: _____

COMPASS GROUP DIVERSIFIED HOLDINGS LLC, as Sellers' Representative

By: _____

Its: _____

ROLLOVER SHAREHOLDERS:

Kenneth R. D'Arcy

Robert Beckwith

Dan Schultz

Steve Upham

Robert Hampton

OTHER SELLERS:

C. Sean Day

Kathryn Chapman

Athena Jamesson

Roy Stefanko

A. Wesley Bailey

Danny Gainor

Ed Schultz

John Mooney

Charles Simmons

John Goff

Exhibit 10.2

SECOND AMENDED AND RESTATED

OPERATING AGREEMENT

OF

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

Dated as of January 9, 2006

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Exhibit A — Specimen Trust Interest Certificate A-1

This SECOND AMENDED AND RESTATED OPERATING AGREEMENT (the "***Agreement***") shall be effective as of the 4th day of January, 2007 and is entered into by Compass Diversified Trust and Compass Group Management LLC, as Members hereunder and pursuant to the provisions of the Act as in effect on the date hereof. Such Members hereby agree to the amendment and restatement of the Amended and Restated Operating Agreement, dated as of April 25, 2006, which amended and restated the Operating Agreement, dated as of November 18, 2005 (the "***Original Agreement***"), as set forth herein. Capitalized terms used in this Agreement without definition shall have the respective meanings specified in Section 1.9 and, unless otherwise specified, article and section references used herein refer to Articles and Sections of this Agreement.

ARTICLE 1

THE COMPANY

Formation. Pursuant to the terms of the Original Agreement, the Manager formed the Company as a limited liability company under and pursuant to the provisions of the Act and upon the terms and conditions set forth in the Original Agreement. The fact that the Certificate is on file in the office of the Secretary of State of the State of Delaware shall constitute notice that the Company is a limited liability company. Simultaneously with the execution of Original Agreement and the formation of the Company, the Manager was admitted as a Member of the Company. Each member of the Board of Directors was designated as an "authorized person" within the meaning of the Act under the Original Agreement, and I. Joseph Massoud has executed, delivered and filed the Certificate with the Secretary of State of the State of Delaware, such execution, delivery and filing being hereby ratified in all respects. Upon the effectiveness of this Agreement, the powers of each member of the Board of Directors as an authorized person shall cease, and the Manager shall become the designated "authorized person" within the meaning of the Act and shall continue as the designated "authorized person" within the meaning of the Act. The Manager shall execute, deliver and file any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in Connecticut and in any other jurisdiction in which the Company may wish to conduct business. The rights and liabilities of the Members shall be as provided under the Act, the Certificate and this Agreement.

Section 1.2 Name.

(a) Subject to Section 1.2(b), the name of the Company shall continue to be Compass Group Diversified Holdings LLC and all business of the Company shall be conducted in such name. The Board of Directors may change the name of the Company upon ten (10) Business Days' written notice to the Members, which name change shall be effective upon the

filing of a certificate of amendment of the Certificate with the Secretary of State of the State of Delaware, and an amendment of this Agreement (which amendment shall not require the consent of any Member or other Person notwithstanding any other provision of this Agreement).

(b) The Board of Directors shall take all action and do all things necessary to give effect to Section 9.5 of the Management Services Agreement.

Section 1.3 Purpose; Powers; Company Not to Be an Investment Company; Prior Authorization of Actions Valid.

(a) The purposes of the Company are (i) to conduct or promote any lawful business, purpose or activity permitted for a limited liability company of the State of Delaware under the Act, (ii) to make such additional investments and engage in such additional activities as the Board of Directors may approve, and (iii) to engage in any and all activities related or incidental to the purposes set forth in clauses (i) and (ii); *provided*, *however*, that the Company is not permitted to engage in any activities that would cause it to become an "investment company" as defined in Section 3(a)(1) of the Investment Company Act of 1940, as amended and as may be amended from time to time, or any successor provision thereto.

(b) The Company has the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or in furtherance of the purposes of the Company set forth in this Section 1.3 and has, without limitation, any and all powers that may be exercised on behalf of the Company by the Board of Directors pursuant to Article 6 hereof.

(c) Notwithstanding anything in this Agreement to the contrary, any actions and things (including the entering into and performance of any agreements or other documents) properly authorized, in the name and on behalf of the Company, by the Board of Directors as constituted at the time of any such authorization, whether prior to the date of this Agreement (including under the Original Agreement) or under and in accordance with this Agreement (or the Original Agreement), were, are and shall continue to be valid and duly authorized, and the Company shall continue to have the power and authority to take and do all such actions and things (including to enter into and perform all such agreements or other documents), whether or not such actions or things have already been taken or done (or such agreements or other documents entered into and/or performed), and regardless of whether the composition of the Board of Directors has changed, whether the Original Agreement or this Agreement has been amended, whether the Initial Public Offering has closed or otherwise prior to the actual taking or doing of any such actions or things (including the entering into or performance of any such documents) by the Company.

(d) The Company, and the Company on behalf of the Trust, is hereby authorized to execute, deliver and perform, and the Manager or any member of the Board of Directors or the Chief Executive Officer or the Chief Financial Officer, or any Person authorized by the Board of Directors on behalf of the Company, are hereby authorized to execute and deliver, the Transaction Documents and all documents, agreements, certificates, or financing statements contemplated thereby or related thereto, all without any further act, vote or approval of any other Person notwithstanding any other provision of this Agreement. The foregoing authorizations shall not be deemed a restriction on the powers of the Manager or the Board of

Directors to enter into (or for the Board of Directors to delegate to other Persons the power to enter into) other agreements on behalf of the Company.

Section 1.4 Principal Place of Business; Registered Office; Registered Agent. The principal executive offices of the Company are at 61 Wilton Road, Westport, CT 06880. The Board of Directors may change the principal executive offices of the Company to any other place within or without the State of Delaware upon written notice to the Members. The address of the Company's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent for service of process in the State of Delaware at such address is The Corporation Trust Company or any successor registered agent for service of process as shall be appointed by the Board of Directors in accordance with the Act. The Company may have such offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Company may from time to time require.

Section 1.5 Term. The term of the Company commenced on the date the Certificate was first filed in the Office of the Secretary of State of the State of Delaware in accordance with the Act and shall continue until the winding up of the Company is completed following a Dissolution Event, as provided in Article 14 and the Certificate is cancelled as provided in the Act.

Section 1.6 Filings.

(a) The Board of Directors shall take any and all other actions, as may be reasonably necessary, to perfect and maintain the status of the Company as a limited liability company or similar type of limited liability entity under the laws of the State of Delaware and under the laws of any other jurisdictions in which the Company engages in business, including causing the Company to prepare, execute and file such amendments to the Certificate and such other assumed name certificates, documents, instruments and publications as may be required by law, including, without limitation, action to reflect:

(i) a change in the Company name; or

(ii) a correction of false or erroneous statements in the Certificate to accurately represent the information contained therein.

(b) Upon the dissolution and completion of the winding up of the Company in accordance with Article 14, the Board of Directors shall cause the Company to promptly execute and file a Certificate of Cancellation in accordance with the Act and the laws of any other jurisdiction in which the Board of Directors deems such filing necessary or advisable.

Section 1.7 Title to Property. All Property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such Property in its individual name, and each Member's interest in the Company shall be personal property for all purposes. At all times after the Effective Date, the Company shall hold title to all of its Property in the name of the Company and not in the name of any Member.

Section 1.8 Payments of Individual Obligations. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be Transferred or encumbered for, or in payment of, any individual obligation of any Member.

Section 1.9 Definitions. For all purposes of this Agreement (as defined herein), except as otherwise expressly provided or unless the context otherwise requires:

(i) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(ii) unless the context otherwise requires, any reference to an "Article," "Section" or an "Exhibit" refers to an Article, Section or an Exhibit, as the case may be, of this Agreement; and

(iii) the words "herein," "hereinafter," "hereof," "hereto" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision:

"Acquirer" has the meaning set forth in the Trust Agreement.

"Acquisition Exchange" has the meaning set forth in the Trust Agreement.

"Act" means the Delaware Limited Liability Company Act, 6 Del. C. §§ 18-101 *et seq.*, as amended from time to time (or any corresponding provisions of succeeding law) and, for the avoidance of doubt, includes all applicable jurisprudence.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Allocation Year, after giving effect to the following adjustments:

(i) credit to such Capital Account any amounts which such Member is deemed to be obligated to restore pursuant to the penultimate sentence in each of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and

(ii) debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition of "Adjusted Capital Account Deficit" is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Adjusted Net Assets" shall be equal to, with respect to any Person as of any date, the *sum* of (i) such Person's consolidated total assets (as determined in accordance with GAAP) as of such date, *plus* (ii) the absolute amount of consolidated accumulated amortization of intangibles of such Person (as determined in accordance with GAAP) as of such date, *minus* (iii) the absolute amount of Adjusted Total Liabilities of such Person as of such date.

"Adjusted Profit Distribution Amount" has the meaning set forth in Section 5.2(b).

"Adjusted Total Liabilities" shall be equal to, with respect to any Person as of any date, such Person's consolidated total liabilities (as determined in accordance with GAAP) as of such date, after excluding the effect of any outstanding indebtedness of such Person.

"Administrator" means, as of any Calculation Date, (i) the Manager as of such Calculation Date, and (ii) if there is no Manager, the Chief Financial Officer in all other cases.

"Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person or (ii) any officer, director, general member, member or trustee of such Person. For purposes of this definition, the terms ***"controlling," "controlled by"*** or ***"under common control with"*** shall mean, with respect to any Persons, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least fifty percent (50%) of the directors, managers, general members or Persons exercising similar authority with respect to such Person.

"Agreement" has the meaning set forth in the introductory paragraph hereof.

"Allocated Share of Company Overhead" means, with respect to any Profit Distribution Subsidiary during any Measurement Period as of any Calculation Date, the aggregate amount of such Profit Distribution Subsidiary's Quarterly Share of the Company's Overhead for each Fiscal Quarter ending during such Measurement Period.

"Allocation Interests" means the limited liability company interests in the Company designated under the Original Agreement as the "Class B Interests" and redesignated herein as "Allocation Interests", as authorized pursuant to Section 3.1(b), and having the rights provided herein.

"Allocation Interest Certificate" means a certificate representing Allocation Interests substantially in the form attached hereto as Exhibit A.

"Allocation Member" means the Manager, in its capacity as a Member.

"Allocation Year" means (i) the period commencing on the Effective Date and ending on December 31, 2005, (ii) any subsequent twelve (12)-month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in clause (i) or (ii) above for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article 4.

"Applicable Listing Rules" means the applicable rules, if any, of the principal U.S. securities exchange or the Nasdaq National Market, as the case may be, on which the Trust Shares or Trust Interests, as applicable, are listed or quoted, as the case may be.

"Appointed Director" has the meaning set forth in Section 6.4.

"Approved Profit Distribution" has the meaning set forth in Section 5.2(c).

"Approved Profit Distribution Payment Date" means, with respect to any Calculation Date, ten (10) Business Days after the date upon which the Approved Profit Distribution as of such Calculation Date is deemed approved in accordance with Sections 5.2(c) or 5.2(d).

"Associate" has the meaning ascribed to such term in Rule 12b-2 of the rules promulgated under the Exchange Act.

"Audit Committee" means the Audit Committee of the Board of Directors established pursuant to Section 6.18(a)(ii).

"Average Allocated Share of Consolidated Equity" shall be equal to, with respect to any Profit Distribution Subsidiary during any Measurement Period as of any Calculation Date, the average (*i.e.* the arithmetic mean) of the Profit Distribution Subsidiary's Quarterly Allocated Share of Consolidated Equity for each Fiscal Quarter ending during such Measurement Period.

"Beneficial Owner" has the meaning ascribed to such term in Rule 13d-3 of the Rules and Regulations promulgated under the Exchange Act.

"Board" or ***"Board of Directors"*** means the Board of Directors referred to in Article 6.

"Business Combination" means:

(i) any merger or consolidation of the Company or any Subsidiary thereof with (A) an Interested Shareholder, or (B) any other Person (whether or not itself an Interested Shareholder) that is, or after such merger or consolidation would be, an Affiliate or Associate of an Interested Shareholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with, or proposed by or on behalf of, an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder of any property or assets of the Company or any Subsidiary thereof having an aggregate Fair Market Value as of the date of the consummation of the transaction giving rise to the Business Combination of not less than ten percent (10%) of the Net Investment Value as of such date; or

(iii) the issuance or transfer by the Trust, the Company or any Subsidiary thereof (in one transaction or a series of transactions) of any securities of the Trust, the Company or any Subsidiary thereof to, or proposed by or on behalf of, an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value as of the date of the consummation of the transaction giving rise to the Business Combination of not less than ten percent (10%) of the Net Investment Value as of such date; or

(iv) any spin-off or split-up of any kind of the Company or any Subsidiary thereof, proposed by or on behalf of an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder; or

(v) any reclassification of the Trust Interests or securities of a Subsidiary of the Company (including any reverse split of Trust Interests or such securities) or recapitalization of the Company or such Subsidiary, or any merger or consolidation of the Company or such Subsidiary with any other Subsidiary thereof, or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder), that has the effect, directly or indirectly, of increasing the proportionate share of (A) Outstanding LLC Interests or such securities or securities of such Subsidiary which are beneficially owned by an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder or (B) any securities of the Company or such Subsidiary that are convertible into or exchangeable for Trust Interests or such securities of such Subsidiary, that are directly or indirectly owned by an Interested Shareholder or any of its Affiliates or Associates; or

(vi) any agreement, contract or other arrangement providing for any one or more of the actions specified in clauses (i) through (v) above.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in The City of New York are required, permitted or authorized, by applicable law or executive order, to be closed for regular banking business.

"Calculation Date" means, with respect to any Trigger Event, the last day of the Fiscal Quarter in which such Trigger Event occurs.

"Capital Account" means, with respect to any Member, the Capital Account established and maintained for such Member by the Company in accordance with the following provisions:

(i) to each Member's Capital Account there shall be credited (A) such Member's Capital Contributions (net of any liabilities relating to such Property), and (B) such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Sections 4.3 or 4.4;

(ii) to each Member's Capital Account there shall be debited (A) the amount of money and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement (net of any liabilities relating to such Property), and (B) such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Sections 4.3 or 4.4;

(iii) in the event LLC Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred LLC Interests; and

(iv) in determining the amount of any liability for purposes of subparagraphs (i) and (ii) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and the Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Board of Directors shall determine that it is prudent to modify the manner in which the Capital Accounts or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or any Members) are computed in order to comply with such Regulations, the Board of Directors may make such modification; *provided*, that it is not likely to have a material effect on the amounts distributed to any Person pursuant to Article 14 upon the dissolution of the Company. The Board of Directors also shall (i) make any adjustments that are necessary or appropriate to maintain equality among the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

"Capital Contributions" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Property (other than money) net of any liabilities relating to such Property contributed to the Company with respect to the LLC Interests of the Company held or subscribed for by such Member.

"Capital Gains" (i) shall mean, with respect to any Person, capital gains (as determined in accordance with GAAP) that are calculated in connection with the sale of capital stock or assets of such Person and which gave rise to a Sale Event and the calculation of the Profit Distribution Amount, and (ii) shall be equal to the amount, adjusted for minority interests, by which (x) the net sales price of such capital stock or assets, as the case may be, *exceeded* (y) the net book value (as determined in accordance with GAAP) of such capital stock or assets, as the case may be, at the time of such sale thereof, as reflected on the Company's consolidated balance sheet prepared in accordance with GAAP; *provided*, that such amount shall not be less than zero.

"Capital Losses" (i) shall mean, with respect to any Person, capital losses (as determined in accordance with GAAP) that are calculated in connection with the sale of capital stock or assets of such person and which gave rise to a Sale Event and the calculation of the Profit Distribution Amount, and (ii) shall be equal to the amount, adjusted for minority interests, by which (x) the net book value (as determined in accordance with GAAP) of such capital stock or assets, as the case may be, at the time of such sale thereof, as reflected on the Company's consolidated balance sheet prepared in accordance with GAAP, *exceeded* (y) the net sales price of such capital stock or assets, as the case may be; *provided*, that the absolute amount shall not be less than zero.

"Cash Available for Distribution" means, for any period, the *sum* of (i) gross cash proceeds of the Company for such period (which includes the proceeds of borrowings by the Company) *minus* (ii) the portion thereof used to pay or establish reserves for Company expenses, debt payments, capital improvements, replacements and contingencies, in each case, as determined by the Board of Directors. "Cash Available for Distribution" shall not be reduced by

depreciation, amortization, cost recovery deductions or similar allowances, but shall be increased by any reductions of reserves described in clause (ii) of the prior sentence.

"Certificate" means the certificate of formation of the Company filed with the Secretary of State of the State of Delaware pursuant to the Act on November 18, 2005, as originally executed and amended, modified, supplemented or restated from time to time as the context requires.

"Certificate of Cancellation" means a certificate of cancellation of the Certificate filed in accordance with 6 Del. C. § 18-203.

"Chairman" means the director designated or nominated and elected, as the case may be, as Chairman of the Board of Directors, in accordance with Section 6.9, with such powers and duties as are set forth in Section 6.10.

"Chief Executive Officer" means the Chief Executive Officer of the Company, including any interim Chief Executive Officer of the Company, with such powers and duties as are set forth in Section 7.4.

"Chief Financial Officer" means the Chief Financial Officer of the Company, including any interim Chief Financial Officer of the Company, with such powers and duties as are set forth in Section 7.5.

"Closing Price" means, as of any date:

(i) the closing sale price (or, if no closing price is reported, the last reported sale price) of one Trust Share on the Nasdaq National Market on such date;

(ii) if the Trust Shares are not so quoted on the Nasdaq National Market on any such date, the last reported sale price as reported in the composite transactions for the principal U.S. securities exchange on which the Trust Shares are so listed on such date;

(iii) if the Trust Shares are not so reported, the last quoted bid price for the Trust Shares in the over-the-counter market as reported by the National Quotation Bureau or a similar organization on such date; or

(iv) if the Trust Shares are not so quoted, the average of the midpoint of the last bid and ask prices for the Trust Shares from at least three nationally recognized investment banking firms that the Company selects for such purpose on such date.

"Code" means the United States Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section of the Code shall be deemed to include a reference to any corresponding provision of law in effect in the future.

"Commission" means the U.S. Securities and Exchange Commission.

"Company" means the limited liability company formed pursuant to the Original Agreement and the Certificate, and continued pursuant to this Agreement.

"Company Minimum Gain" has the same meaning as the term "partnership minimum gain" in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

"Company Only Financial Statements" means, with respect to any accounting period, the unconsolidated financial statements of the Company prepared in accordance with GAAP.

"Compass Diversified Investments, Inc." means Compass Diversified Investments, Inc. a Bahamian international business corporation wholly owned by Compass Group Investments, Inc.

"Compensation Committee" means the Compensation Committee of the Board of Directors established pursuant to Section 6.18(a)(iii).

"Consolidated Net Equity" shall be equal to, with respect to the Company as of any date, the *sum* of (i) the Company's consolidated total assets (as determined in accordance with GAAP) as of such date, *plus* (ii) the aggregate amount of assets impairments (as determined in accordance with GAAP) that were taken relating to any Subsidiaries of the Company as of such date, *plus* (iii) the consolidated accumulated amortization of intangibles (as determined in accordance with GAAP) of the Company as of such date, *minus* (iv) the Company's consolidated total liabilities (as determined in accordance with GAAP) as of such date *plus* (v) to the extent included in the Company's consolidated total liabilities (as determined in accordance with GAAP) as of such date, the absolute amount of the Company's liabilities (as determined in accordance with GAAP) in respect of its obligations under the Supplemental Put Agreement.

"Continuing Director" means (i) any director of the Company who (A) is neither the Interested Shareholder involved in the Business Combination as to which a determination of Continuing Directors is provided hereunder, nor an Affiliate, Associate, employee, agent or nominee of such Interested Shareholder, or a relative of any of the foregoing, and (B) was a member of the Board of Directors prior to the time that such Interested Shareholder became an Interested Shareholder, or (ii) any successor of a Continuing Director described in clause (i) above who is recommended or elected to succeed a Continuing Director by the affirmative vote of a majority of Continuing Directors then on the Board of Directors.

"Contribution-Based Profits" shall be equal to, with respect to any Profit Distribution Subsidiary for any Measurement Period as of any Calculation Date, the *sum* of (i) the aggregate amount of such Profit Distribution Subsidiary's net income (loss) (as determined in accordance with GAAP and adjusted for minority interests) with respect to such Measurement Period (without giving effect to (x) any Capital Gains or Capital Losses realized by such Profit Distribution Subsidiary that arise with respect to the sale of capital stock or assets held by such Profit Distribution Subsidiary and which gave rise to a Sale Event and a calculation of Profit Distribution Amount or (y) any expense attributable to the accrual or payment of any amount of Profit Distribution or any amount arising under the Supplemental Put Agreement, in each case, to the extent included in the calculation of such Profit Distribution Subsidiary's net income (loss)), *plus* (ii) the absolute aggregate amount of such Profit Distribution Subsidiary's Loan Expense with respect to such Measurement Period, *minus* (iii) the absolute aggregate amount of such

Profit Distribution Subsidiary's Allocated Share of the Company's Overhead with respect to such Measurement Period.

"Control Date" means the date upon which the Acquirer becomes the Beneficial Owner of at least 90% of the Outstanding Trust Interests.

"Credit Agreement" means the Credit Agreement, dated as of the date hereof, as may be amended from time to time, entered into by and between the Company and the Borrower (as defined therein).

"Cumulative Capital Gains" shall be equal to, as of any Calculation Date, the aggregate amount of Capital Gains realized by the Company as of such calculation date, after giving effect to any Capital Gains realized by the Company on such Calculation Date, since its inception.

"Cumulative Capital Losses" shall be equal to, as of any Calculation Date, the aggregate amount of Capital Losses realized by the Company, after giving effect to any Capital Losses realized by the Company on such Calculation Date, since its inception.

"Cumulative Gains and Losses" shall be equal to, with respect to the Company as of any Calculation Date, an amount equal to the *sum* of (i) the amount of Cumulative Capital Gains as of such Calculation Date, *minus* (ii) the absolute amount of Cumulative Capital Losses as of such Calculation Date.

"Debt" means (i) any indebtedness for borrowed money or the deferred purchase price of property as evidenced by a note, bonds or other instruments, (ii) obligations as lessee under capital leases, (iii) obligations secured by any mortgage, pledge, security interest, encumbrance, lien or charge of any kind existing on any asset owned or held by the Company, whether or not the Company has assumed or become liable for the obligations secured thereby, (iv) any obligation under any interest rate swap agreement, (v) accounts payable, and (vi) obligations under direct or indirect guarantees of (including obligations, contingent or otherwise, to assure a creditor against loss in respect of) indebtedness or obligations of the kinds referred to in clauses (i), (ii), (iii), (iv) and (v) above; *provided*, that Debt shall not include obligations in respect of any accounts payable that are incurred in the ordinary course of the Company's business and are not delinquent or are being contested in good faith by appropriate proceedings.

"DGCL" means the Delaware General Corporation Law, 8 Del. C. §§ 101 *et seq*., as amended from time to time (or any corresponding provisions of succeeding law) and, for the avoidance of doubt, includes all applicable jurisprudence.

"Direct Company Expenses" means, with respect to any period, that portion of the Company's operating expenses (including any management fees paid by the Company) for such period that are not incurred with respect to any Subsidiary for such period.

"Disputed Profit Distribution" has the meaning set forth in Section 5.2(c).

"Disputed Profit Distribution Date" has the meaning set forth in Section 5.2(c).

"Disputed Profit Distribution Payment Date" means, with respect to any Calculation Date, (i) if the Administrator does not disagree with the Audit Committee's calculation of Disputed Profit Distribution in accordance with Section 5.2(e)(i)(B), ten (10) Business Days after the Disputed Profit Distribution Date as of such Calculation Date or (ii) in all other cases, twenty-one (21) Business Days after the Disputed Profit Distribution Date as of such Calculation Date.

"Distribution Entitlement" has the meaning set forth in Section 5.2(l).

"Distribution Entitlement Amount" shall be equal to, as of any date of a Distribution Entitlement Notice, the *sum* of (i) the aggregate amount of all Distribution Entitlements elected to be such by the Allocation Member on all Profit Distribution Payment Dates occurring prior to the date of such Distribution Entitlement Notice, *minus* (ii) the aggregate amount of all Distribution Entitlement Payments paid by the Company to the Manager on all Distribution Entitlement Payment Dates occurring prior to the date of such Distribution Entitlement Notice.

"Distribution Entitlement Notice" has the meaning set forth in Section 5.2(l).

"Distribution Entitlement Payment" has the meaning set forth in Section 5.2(l).

"Distribution Entitlement Payment Date" has the meaning set forth in Section 5.2(l).

"Disinterested Director" means a director of the Company who is not and was not a party to the proceeding or matter in respect of which indemnification is sought by the claimant.

"Dissolution Event" has the meaning set forth in Section 14.1.

"Effective Date" means November 18, 2005, being the date of the effectiveness of the filing of the Certificate.

"Election Period" means, with respect to any Holding Date or anniversary thereof, the 30-day period immediately following such Holding Date or anniversary thereof.

"Entire Board of Directors" has the meaning set forth in Section 6.17.

"Escrow Agreement" means the Escrow Agreement, dated as of the date hereof, as may be amended from time to time, entered into by and between the Company and The Bank of New York, Inc. or any successor(s) thereto and the other parties names therein.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any date:

(i) in the case of any equity securities, the average of the closing sale prices for such equity securities during the ten (10) Business Days immediately preceding such date:

(A) as reported in composite transactions by the Nasdaq National Market;

(B) if such equity securities are not so reported by the Nasdaq National Market, as reported in the composite transactions for the principal U.S. securities exchange on which such equity securities are so listed;

(C) if such equity securities are not so reported, the last quoted bid price for such equity securities, in the over-the-counter market as reported by the National Quotation Bureau or a similar organization; or

(ii) if such equity securities are not so reported, quoted or listed, or in the case of any other Property, the fair market value of such equity securities or such Property as of such date as determined by a majority of the Board of Directors in good faith; *provided*, that if the Manager shall dispute any such determination of fair market value by the Board of Directors, fair market value shall be determined instead by the investment banking or professional valuation firm selected by the Board of Directors from among no fewer than three qualified candidates provided by the Manager.

"Fiscal Quarter" means the Company's fiscal quarter for purposes of its reporting obligations under the Exchange Act.

"Fiscal Year" means the Company's fiscal year for purposes of its reporting obligations under the Exchange Act.

"Future Investments" means contractual commitments to invest represented by definitive agreements.

"GAAP" means generally accepted accounting principles in effect in the United States, consistently applied.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for U.S. federal income tax purposes, except as follows:

(i) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the Board of Directors;

(ii) the Gross Asset Values of all Company assets shall be adjusted by the Tax Matters Member to equal their respective gross fair market values (taking Code Section 7701(g) into account), as determined by the Tax Matters Member as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) or (D) upon the declaration of a Holding Event; *provided*, that an adjustment described in clauses (A) and (B) of this subparagraph (ii) shall be made only if the Tax Matters

Member reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(iii) the Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution, as determined by the Tax Matters Member; and

(iv) the Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and subparagraph (vi) of the definition of "Profits" and "Losses"; *provided*, *however*, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent that an adjustment pursuant to subparagraph (ii) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (ii) or (iv), such Gross Asset Value shall thereafter be adjusted by depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"High Water Mark" means, as of any Calculation Date, the highest positive amount of the Company's Cumulative Gains and Losses as of such Calculation Date that were calculated in connection with any Qualifying Trigger Event that occurred prior to such Calculation Date.

"High Water Mark Allocation" shall be equal to, as of any Calculation Date, the *product* of (i) the amount of the High Water Mark as of such Calculation Date, *multiplied by* (ii) 20%.

"Holding Date" means, with respect to any Subsidiary, the fifth anniversary of the date upon which the Company acquired a controlling interest in such Subsidiary; *provided*, that if the Allocation Member has previously elected that a Holding Event has occurred with respect to any Subsidiary, then Holding Date shall mean, with respect to such Subsidiary, the fifth anniversary of the Calculation Date with respect to such previously elected Holding Event.

"Holding Event" means, with respect to any Subsidiary, (i) the election by the Allocation Member on or after the Holding Date with respect to such Subsidiary that a Holding Event has occurred; *provided*, that the Allocation Member must make such election during the Election Period with respect to such Holding Date, or (ii) the election by the Allocation Member on or after each anniversary of any Holding Date with respect to such Subsidiary that a Holding Event has occurred; *provided*, that the Allocation Member must make such election during the Election Period with respect to such anniversary of such Holding Date.

"Independent Director" means a director who (i) (a) is not an officer or employee of the Company, or an officer, director or employee of any Subsidiary of the Company, (b) was not appointed as a director pursuant to the terms of the Management Services Agreement, and (c) for so long as the Management Services Agreement is in effect, is not

affiliated with the Manager or any of its Affiliates, and (ii) who satisfies the independence requirements under the Applicable Listing Rules as determined by the Board of Directors.

"Independently Calculated Profit Distribution" has the meaning set forth in Section 5.2(d).

"Independently Calculated Profit Distribution Payment Date" means, with respect to any Calculation Date, ten (10) Business Days after the receipt by the Administrator and the Audit Committee of the calculation of Profit Distribution Amount as of such Calculation Date by the independent accounting firm in accordance with Section 5.2(d).

"Initial Board" has the meaning set forth in Section 6.1.

"Initial Director" has the meaning set forth in Section 6.1.

"Initial Public Offering" means the initial public offering of Trust Shares by the Trust, closing on the date hereof.

"Interested Shareholder" means any Person (other than the Manager, the Members, the Company or any Subsidiary of the Company, any employee benefit plan maintained by the Company or any Subsidiary thereof or any trustee or fiduciary with respect to any such plan when acting in such capacity) that:

(i) is, or was at any time within the three-year period immediately prior to the date in question, the Beneficial Owner of fifteen percent (15%) or more of the then Outstanding Trust Interests and who did not become the Beneficial Owner of such amount of Trust Interests pursuant to a transaction that was approved by the affirmative vote of a majority of the Entire Board of Directors; or

(ii) is an assignee of, or has otherwise succeeded to, any Trust Interests of which an Interested Shareholder was the Beneficial Owner at any time within the three-year period immediately prior to the date in question, if such assignment or succession occurred in the course of a transaction, or series of transactions, not involving a public offering within the meaning of the Securities Act.

For the purpose of determining whether a Person is an Interested Shareholder, the Trust Interests that may be issuable or exchangeable by the Company to the Interested Shareholder pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, warrants or options, or otherwise, shall be included, but not any other Trust Interests that may be issuable or exchangeable by the Company pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, warrants or options, or otherwise, to any Person who is not the Interested Shareholder.

"Issuance Items" has the meaning set forth in Section 4.3(g).

"Level 1 Hurdle Amount" shall be equal to, with respect to any Profit Distribution Subsidiary as of any Calculation Date, the *product* of (i) (x) 1.75% *multiplied by* (y) the number of Fiscal Quarters ending during the Measurement Period with respect to such Profit

Distribution Subsidiary as of such Calculation Date, *multiplied by* (ii) such Profit Distribution Subsidiary's Average Allocated Share of Consolidated Equity for each Fiscal Quarter ending during such Measurement Period.

"Level 2 Hurdle Amount" shall be equal to, with respect to any Profit Distribution Subsidiary as of any Calculation Date, the *product* of (i) (x) 2.1875%, *multiplied by* (y) the number of Fiscal Quarters ending during the Measurement Period with respect to such Profit Distribution Subsidiary as of such Calculation Date, *multiplied by* (ii) such Profit Distribution Subsidiary's Average Allocated Share of Consolidated Equity for each Fiscal Quarter ending during such Measurement Period.

"Liquidation Period" has the meaning set forth in Section 14.7.

"Liquidator" means a Person appointed by the Board of Directors to oversee the winding up of the Company.

"LLC Interests" means, collectively, the Trust Interests and the Allocation Interests.

"Loan Expense" means, with respect to any Profit Distribution Subsidiary for any Measurement Period as of any Calculation Date, the aggregate amount of all interest or other expenses paid by such Profit Distribution Subsidiary with respect to indebtedness of such Profit Distribution Subsidiary to either the Company or other Subsidiaries of the Company with respect to such Measurement Period.

"Losses" has the meaning set forth in the definition of "***Profits***" and "***Losses***" below.

"Management Fee" means the management fee payable by the Company pursuant to the Management Services Agreement with respect to the provision of management services to the Company.

"Management Services Agreement" means the Management Services Agreement, dated as of the date hereof, as may be amended from time to time, entered into by and between the Company and the Manager.

"Manager" means Compass Group Management LLC, and any successor thereto.

"Market Value" means, as of any date, the *product* of (1) the average number of, if the Trust is in existence as of such date, Trust Shares or, if the Trust is not in existence as of such date, Trust Interests, as applicable, issued and Outstanding, other than treasury shares or treasury Trust Interests, as applicable, during the last fifteen (15) Business Days of the most recently completed Fiscal Quarter as of such date *multiplied* by (2) the volume weighted average trading price per Trust Share or per Trust Interest, as applicable, as determined by reference to the relevant securities exchange identified in clause (i) of the definition of Fair Market Value, over such fifteen (15) Business Days.

"Measurement Period" means, with respect to any Profit Distribution Subsidiary as of any Calculation Date, the period from and including the later of: (i) the date upon which the Company acquired a controlling interest in such Profit Distribution Subsidiary and (ii) the immediately preceding Calculation Date as of which Contribution-Based Profits were calculated with respect to such Profit Distribution Subsidiary and with respect to which Profit Distributions were paid (or, at the election of the Allocation Member, deferred) by the Company, up to and including such Calculation Date.

"Member" means, as of any date, any holder of Trust Interests or Allocation Interests, as of such date.

"Member Nonrecourse Debt" has the same meaning as the term "partner nonrecourse debt" in Section 1.704-2(b)(4) of the Regulations.

"Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

"Member Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations.

"Nasdaq National Market" means the Nasdaq National Market or any successor thereto.

"Net Investment Value" means, as of any date, the *sum* of:

(i) the Market Value as of such date; *plus*

(ii) the amount of any borrowings (other than intercompany borrowings) of the Company and its Subsidiaries (but not including borrowings on behalf of any Subsidiary of such Subsidiaries) as of such date; *plus*

(iii) the value of Future Investments of the Company and/or any of its Subsidiaries other than cash or cash equivalents, as calculated by the Manager and approved by a majority of the Continuing Directors as of such date; *provided*, that such Future Investments have not been outstanding for more than two consecutive full Fiscal Quarters as of such date; *less*

(iv) the aggregate amount held by the Company and its Subsidiaries in cash or cash equivalents (but not including cash or cash equivalents held specifically for the benefit of any Subsidiary of such Subsidiaries) as of such date.

"Net Long Term Capital Gain" has the meaning set forth in Code Section 1222(7).

"Nominating and Governance Committee" means the Nominating and Governance Committee of the Board of Directors established pursuant to Section 6.18(a)(i).

"Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

"Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

"Offer Price" means, as of any Control Date, the average Closing Price per Trust Share or Trust Interest, as applicable, on the twenty (20) Business Days immediately prior to, but not including, such Control Date.

"Original Agreement" has the meaning set forth in the introductory paragraph hereof.

"Outstanding" means, as of any date, with respect to any security theretofore issued by the Company, except:

(i) such securities as represented by certificates or electronic positions evidencing such securities that have been canceled or delivered for cancellation; and

(ii) such security as represented by certificates or electronic positions that have been exchanged for or in lieu of which other securities have been executed and delivered pursuant to Section 3.5.

"Overhead" shall be equal to, with respect to the Company for any Fiscal Quarter, the *sum* of (i) that portion of the Company's operating expenses (as determined in accordance with GAAP) (without giving effect to any expense attributable to the accrual or payment of any amount of Profit Distribution or any amount arising under the Supplemental Put Agreement to the extent included in the calculation of the Company's operating expenses), including any Management Fees actually paid by the Company to the Manager, with respect to such Fiscal Quarter that are not attributable to any Subsidiary of the Company (*i.e.*, operating expenses that do not correspond to operating expenses of a Subsidiary of the Company with respect to such Fiscal Quarter), *plus* (ii) the Company's accrued interest expense (as determined in accordance with GAAP) on any outstanding Third Party Indebtedness of the Company with respect to such Fiscal Quarter, *minus* (iii) revenue, interest income and other income reflected in the Company Only Financial Statements.

*"**Over-Paid Profit Distributions**"* shall be equal to, as of any Calculation Date, the amount by which (i) the aggregate amount of Profit Distributions that were actually paid by the Company with respect to all Profit Distribution Payment Dates immediately preceding such Calculation Date, *exceeded* (ii) the aggregate amount of Profit Distributions that were actually due and payable by the Company with respect to all such Profit Distribution Payment Dates, as determined in accordance with Section 5.2; *provided*, that such amount shall not be less than zero.

"Percentage Interest" means, with respect to any Member as of any date, the ratio (expressed as a percentage) of the number of LLC Interests held by such Member on such date relative to the aggregate number of LLC Interests then Outstanding as of such date.

"Person" means any individual, company (whether general or limited), limited liability company, corporation, trust, estate, association, nominee or other entity.

"Profit Distribution" means, as of any Calculation Date, any Approved Profit Distribution as of such Calculation Date, Disputed Profit Distribution as of such Calculation Date, the Independently Calculated Profit Distribution as of such Calculation Date or the Profit Distribution Amount as of such Calculation Date, originally submitted to the Audit Committee by the Administrator pursuant to Section 5.2(c), as the case may be. For the avoidance of doubt, Profit Distribution shall also mean any portion of the foregoing payable on any applicable Profit Distribution Payment Date, including any Independently Calculated Profit Distribution Payment Date or Submission Failure Payment Date, as the case may be.

"Profit Distribution Amount" shall be equal to, with respect to any Profit Distribution Subsidiary as of any Calculation Date, the *sum* of (i) the amount by which Total Profit Allocation with respect to such Profit Distribution Subsidiary as of such Calculation Date *exceeds* such Profit Distribution Subsidiary's Level 1 Hurdle Amount as of such Calculation Date but is less than such Profit Distribution Subsidiary's Level 2 Hurdle Amount as of such Calculation Date, *plus* (ii) the *product* of (x) the amount by which Total Profit Allocation with respect to such Profit Distribution Subsidiary as of such Calculation Date *exceeds* such Profit Distribution Subsidiary's Level 2 Hurdle Amount as of such Calculation Date, *multiplied by* (y) 20%, *minus* (iii) the High Water Mark Allocation, if any, as of such Calculation Date.

"Profit Distribution Payment Date" means any Approved Profit Distribution Payment Date, as of any Calculation Date, with respect to Approved Profit Distribution, any Disputed Profit Distribution Payment Date, as of any Calculation Date, with respect to Disputed Profit Distribution, any Submission Failure Payment Date, as of any Calculation Date, with respect to Approved Profit Distribution, or any Independently Calculated Profit Distribution Payment Date, as of any Calculation Date, with respect to the Independently Calculated Profit Distribution, as the case may be.

"Profit Distribution Subsidiary" has the meaning set forth in Section 5.2(b).

"Profits" and ***"Losses"*** mean, for each Allocation Year, an amount equal to the Company's taxable income or loss for such Allocation Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) any income of the Company that is exempt from U.S. federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) in the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) or (iii) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for U.S. federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) to the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vi) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Sections 4.3 or 4.4 shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 4.3 and 4.4 shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (v) above.

"Property" means all real and personal property acquired by the Company, including cash, and any improvements thereto, and shall include both tangible and intangible property.

"Qualifying Trigger Event" means any Trigger Event with respect to a Profit Distribution Subsidiary (i) that gave rise to the calculation of Total Profit Allocation with respect to such Profit Distribution Subsidiary as of any Calculation Date and (ii) where the amount of Total Profit Allocation so calculated as of such Calculation Date exceeded such Profit Distribution Subsidiary's Level 2 Hurdle Amount as of such Calculation Date.

"Quarterly Allocated Share of Consolidated Equity" shall be equal to, with respect to any Profit Distribution Subsidiary for any Fiscal Quarter, the *product* of (i) the Company's Consolidated Net Equity as of the last day of such Fiscal Quarter, *multiplied by* (ii) a fraction, the numerator of which is such Profit Distribution Subsidiary's Adjusted Net Assets as of the last day of such Fiscal Quarter and the denominator of which is the *sum* of the Adjusted Net Assets of all of the Subsidiaries owned by us as of the last day of such Fiscal Quarter.

"Quarterly Share of Company Overhead" shall be equal to, with respect to any Profit Distribution Subsidiary for any Fiscal Quarter, the *product* of (i) the absolute amount of the Company's Overhead with respect to such Fiscal Quarter, *multiplied by* (ii) a fraction, the

numerator of which is such Profit Distribution Subsidiary's Adjusted Net Assets as of the last day of such Fiscal Quarter and the denominator of which is the sum of the Adjusted Net Assets of all of the Subsidiaries owned by us as of the last day of such Fiscal Quarter.

"Register" has the meaning set forth in Section 3.3.

"Regular Trustees" has the meaning set forth in the Trust Agreement.

"Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations are amended from time to time.

"Regulatory Allocations" has the meaning set forth in Section 4.4.

"Repurchase Date" has the meaning set forth in Section 3.4(b).

"Rules and Regulations" means the rules and regulations promulgated under the Exchange Act or the Securities Act.

"Sale Event" means, with respect to any Subsidiary, the sale of a material amount, as determined by the Allocation Member and consented to by a majority of the Board of Directors, such consent not to be unreasonably withheld, conditioned or delayed, of the capital stock or assets of such Subsidiary or a Subsidiary of such Subsidiary.

"Secretary" means the Secretary of the Company, with such powers and duties as set forth in Section 7.7.

"Securities Act" means the Securities Act of 1933, as amended.

"Stock Transfer Agency Agreement" means the Stock Transfer Agency Agreement, dated as of the date hereof, as may be amended from time to time, entered into by and between the Company and The Bank of New York, Inc. or any successor(s) thereto.

"Submission Date" has the meaning set forth in Section 5.2(d).

"Submission Failure Payment Date" means, with respect to any Calculation Date, ten (10) Business Date after the Submission Date with respect to such Calculation Date.

"Subsidiary" means, with respect to any Person, any corporation, company, joint venture, limited liability company, association or other Person in which such Person owns, directly or indirectly, more than 50% of the Outstanding equity securities or interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such Person.

"Supplemental Put Agreement" means the Supplemental Put Agreement, dated as of the date hereof, as may be amended from time to time, entered into by and between the Company and the Allocation Member.

"Tax Distribution" has the meaning set forth in Section 5.2(h).

"Tax Distribution Payment Date" has the meaning set forth in Section 5.2(h).

"Tax Matters Member" has the meaning set forth in Section 11.4(a).

"Third Party Indebtedness" means, with respect to any Person, indebtedness of such Person owed to any third party lenders that are not Affiliated with such Person.

"Total Profit Allocation" shall be equal to, with respect to any Profit Distribution Subsidiary as of any Calculation Date, the *sum* of (i) the Contribution-Based Profits of such Profit Distribution Subsidiary for the Measurement Period with respect to such Profit Distribution Subsidiary as of such Calculation Date, *plus* (ii) if the Trigger Event underlying the calculation of Total Profit Allocation as of such Calculation Date is a Sale Event, the Company's Cumulative Gains and Losses as of such Calculation Date.

"Transaction Documents" means the Management Services Agreements, the Trust Agreement, the Supplemental Put Agreement, the Credit Agreement, the Underwriting Agreement, the Stock Transfer Agency Agreement, the Escrow Agreement and all documents and certificates contemplated thereby or delivered in connection therewith.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, pledge or hypothecation or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge or hypothecate or otherwise dispose of.

"Transfer Agent" means, with respect to the Trust Shares and the LLC Interests, The Bank of New York, Inc., or any successor(s) thereto.

"Trigger Event" means, with respect to any Subsidiary, the occurrence of either a Sale Event or a Holding Event with respect to such Subsidiary.

"Trust" means Compass Diversified Trust, a Delaware statutory trust.

"Trust Agreement" means the Amended and Restated Trust Agreement, dated as of the date hereof, entered into by and among the Company and The Bank of New York (Delaware), a Delaware banking corporation, as property trustee, and the Regular Trustees.

"Trust Interests" means the limited liability company interests in the Company designated under the Original Agreement as the "Class A Interests" and redesignated herein as "Trust Interests", as authorized pursuant to Section 3.1(a), and having the rights provided herein.

"Trust Interest Certificates" means a certificate representing Trust Interests substantially in the form attached hereto as Exhibit A.

"Trust Member" means any holder of a Trust Interest, in its capacity as a Member.

"Trust Shares" means the shares of the Trust, each representing one undivided beneficial interest in the assets of the Trust.

"Under-Paid Profit Distributions" shall be equal to, as of any Calculation Date, the amount by which (i) the aggregate amount of Profit Distributions that were actually due and payable by the Company with respect to all Profit Distribution Payment Dates immediately preceding such Calculation Date, as determined in accordance with Section 5.2 *exceeded* (ii) the aggregate amount of Profit Distributions that were actually paid by the Company with respect to all such Profit Distribution Payment Dates; *provided*, that such amount shall not be less than zero.

"Underwriting Agreement" means the Underwriting Agreement, dated as of the date hereof, entered into by and among the Company, the Trust, the Manager, Ferris, Baker Watts, Incorporated, and the other parties thereto.

"Voluntary Exchange" has the meaning set forth in the Trust Agreement.

ARTICLE 2

THE TRUST

Section 2.1 Trust to Be Sole Holder of Trust Interests. The Company shall issue Trust Interests to the Trust as the initial Trust Member, and the Trust shall be admitted to the Company as a Member of the Company in respect thereof upon its execution of a counterpart of this Agreement. For so long as the Trust remains in existence, subject to Sections 2.3 and 2.4(a), it is intended that the Trust shall be the sole Trust Member and the sole owner of one hundred percent (100%) of the Trust Interests, and, during such period, the Company shall not issue, sell or otherwise transfer any of its Trust Interests to any Person other than the Trust. Each Trust Member agrees with the Company to be bound by the terms of this Agreement.

Section 2.2 Trust Shares to Represent Trust Interests. Each Trust Share represents one undivided beneficial interest in the assets of the Trust, which assets consist of the underlying Trust Interests.

Section 2.3 Voluntary Exchange of Trust Shares for Trust Interests. The Company, acting through its Board of Directors, shall take all actions and do all things necessary to give effect to a Voluntary Exchange on the terms and conditions set forth in Section 9.2 of the Trust Agreement.

Section 2.4 Acquisition Exchange of Trust Shares for Trust Interests.

(a) Right to Acquisition Exchange. The Company, acting through its Board of Directors, shall take all actions and do all things necessary to give effect to an Acquisition Exchange on the terms and conditions set forth in Section 9.3 of the Trust Agreement.

(b) Right to Acquire Trust Interests of Remaining Holders for Cash. Following the completion of an Acquisition Exchange, the Acquirer shall have the right to purchase, solely for cash, and Members other than the Acquirer shall be required to sell, all, but not less than all, of the Outstanding Trust Interests not then held by the Acquirer, at the Offer

Price. The Acquirer may exercise its right to effect such purchase by delivering written notice to the Company and the Transfer Agent of its election to make the purchase not less than sixty (60) days prior to the Control Date. Promptly after receipt of such notice, the Board of Directors shall declare a record date. The Company will cause the Transfer Agent to mail a copy of such notice to the Trust Members at least thirty (30) days prior to such Control Date.

Section 2.5 Right of Holders of Trust Shares and Members to Enforce Provisions of this Agreement and Bring Derivative Action.

(a) The Allocation Member, individually, and any other Member or Members holding, in the aggregate, at least ten percent (10%) of the Outstanding Trust Interests, shall have the right to institute any legal proceeding against the Company to enforce the provisions of this Agreement, and to the fullest extent permitted by applicable law, no other Member or Members shall have the right to institute any legal proceeding against the Company to enforce the provisions of this Agreement.

(b) For so long as the Trust remains the sole holder of Trust Interests, holders of at least ten percent (10%) of the Outstanding Trust Shares shall have the right to cause the Trust to institute any legal proceeding for any remedy available to the Trust, as a holder of Trust Interests and, to the extent permitted by applicable law, such holders of Trust Shares may direct the time, method and place of conducting any such legal proceeding brought by the Trust. For so long as the Trust remains the sole holder of Trust Interests, holders of record of at least ten percent (10%) of the Outstanding Trust Shares shall also have the right to institute directly against the Company any legal proceeding available to the Trust against the Company to enforce the provisions of this Agreement. Solely for purposes of this Section 2.5(b) and only to the extent provided herein, the holders of the Outstanding Trust Shares shall be deemed to be third-party beneficiaries of this Agreement to the same extent as if they were signatories hereto.

(c) Except as expressly provided in this Agreement, nothing in this Agreement shall be deemed to give to any Person any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 2.6 Reimbursement of Regular Trustees. The Company shall reimburse the Regular Trustees for any expenses, out-of-pocket or otherwise, incurred on behalf of the Trust or otherwise in connection with performing any of their duties or obligations under the Trust Agreement.

ARTICLE 3

CLASSES AND ISSUANCE OF LLC INTERESTS; TRANSFER

Section 3.1 LLC Interests. The Company shall be authorized to issue two classes of limited liability company interests to the Members: Trust Interests and Allocation Interests as provided in Sections 3.1(a) and (b).

(a) Trust Interests.

(i) Generally. The Company, and the Board of Directors by resolution on behalf of the Company, shall initially be authorized to issue up to five hundred million (500,000,000) Trust Interests in one or more series and, for so long as the Trust remains the sole holder of Trust Interests, shall cause to be issued to the Trust, as of any date, the identical number of Trust Interests as the number of Trust Shares that are issued and Outstanding. The aggregate number of Trust Interests that are authorized may be increased from time to time by an amendment to this Agreement upon the adoption of a resolution by the affirmative vote of at least a majority of the Entire Board of Directors declaring such amendment to be advisable and the approval of such amendment by the affirmative vote of the holders of a majority of the Trust Interests then Outstanding present in person or represented by proxy at a meeting of the Members. Each Member holding a Trust Interest shall have all the rights, privileges and obligations set forth herein pertaining to holders of Trust Interests, and shall have one vote per Trust Interest in accordance with the terms of this Agreement. The Trust Interests shall be certificated in the form of a Trust Interest Certificate or represented by electronic book-entry position.

(ii) Restrictions on Transfer of Trust Interests. Except as otherwise provided in Article 2, the Trust to the fullest extent permitted by law shall not be permitted to transfer, and the Company shall not recognize any purported transfer of, nor in any respect treat any purported transferee as the owner of, any Trust Interests held by the Trust.

(b) Allocation Interests.

(i) Generally. The Company is authorized to issue one thousand (1,000) Allocation Interests. As of the date hereof, all one thousand (1,000) Allocation Interests have been or are hereby issued to the Allocation Member. One hundred percent (100%) of the Allocation Interests shall be issued to the Manager. Each Member holding an Allocation Interest shall have all the rights, privileges and obligations set forth herein pertaining to holders of Allocation Interests. The Allocation Interests shall be certificated in the form of an Allocation Interest Certificate. The holders of Allocation Interests shall not be entitled to vote with respect to any issue relating to the Company notwithstanding the Act or other applicable law, except as provided in Article 10 (in which case, the holders of Allocation Interests shall have one vote per Allocation Interest). For the avoidance of doubt, the parties intend that the Manager not be a “manager” within the meaning of Section 18-402 of the Act.

(ii) Restrictions on Transfer of Allocation Interests. Until such time as the Management Services Agreement is terminated, the Manager (or any Allocation Member holding Allocation Interests in accordance with this Section 3.1(b)) to the fullest extent permitted by law shall not be permitted to transfer, and the Company shall not recognize any purported transfer of, nor in any respect treat any purported transferee as the owner of, any Allocation Interests held by the Manager; *provided*, that any Allocation Member may transfer Allocation Interests to any Affiliate of the Manager, and any Allocation Interests so transferred shall remain subject to the restrictions of this Section 3.1(b)(i) in the hands of such permitted transferee.

Section 3.2 Issuance of Additional Trust Interests. For so long as the Trust remains the sole holder of Trust Interests, (a) the Board of Directors shall have authority to issue to the Trust, from time to time without any vote or other action by the Members, in one or more series, any or all Trust Interests of the Company at any time authorized, and (b) the Company will issue additional Trust Interests**,** in one or more series to the Trust in exchange for an equal number of Trust Shares which the Company may sell or distribute in any manner, subject to applicable law, that the Board of Directors in its sole discretion deems appropriate and advisable.

Section 3.3 Trust Interest Certificates; Admission of Additional Members. The Trust Interest Certificates shall be conclusive evidence of ownership of the related Trust Interests, and every holder of record of Trust Interests of the Company shall be entitled to one or more Trust Interest Certificates representing the number of Trust Interests held by such holder of record. Any Trust Interest Certificates of the Company to be issued shall be issued under the seal of the Company, or a facsimile thereof, and shall be numbered and shall be entered in the books of the Company as they are issued. If and when issued, each Trust Interest Certificate shall bear a serial number, shall exhibit the holder's name and the number of Trust Interests evidenced thereby and shall be signed by the Chief Executive Officer or the Chief Financial Officer. Any or all of the signatures on the Trust Interest Certificates may be facsimiles. If any officer or Transfer Agent who has signed or whose facsimile signature has been placed upon a Trust Interest Certificate shall have ceased to be such officer or Transfer Agent before such Trust Interest Certificate is issued, the Trust Interest Certificate may be issued by the Company with the same effect as if such Person or entity were such officer or Transfer Agent at the date of issue. From the time of the closing of the Initial Public Offering, the Company shall retain the Transfer Agent to maintain a register of the Trust Interests (the "***Register***"), the Transfer Agent, in such capacity shall be known as the Registrar, and cause such Registrar to register thereon any transfer of Trust Interest Certificates. Transfer of Trust Interests of the Company shall be made on the Register only upon surrender to the Transfer Agent of the Trust Interest Certificates duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer; *provided*, *however*, that such succession, assignment or transfer is not prohibited by the Trust Interest Certificates, this Agreement, applicable law or contract. Thereupon, the Company shall issue a new Trust Interest Certificate (if requested) to the Person entitled thereto, cancel the old Trust Interest Certificate, and shall instruct the Registrar to record the transaction upon the Register.

Section 3.4 Repurchase of Trust Interests by the Company.

(a) The Board of Directors shall have authority to cause the Company to conduct a capital reduction, including the repurchase of any number of issued and Outstanding Trust Interests; *provided*, *however*, that the Company shall not purchase or redeem its Trust Interests for cash or other property if any such purchase or redemption would be inconsistent with the requirements of Section 18-607 or Section 18-804 of the Act; *provided*, *further*, that so long as the Trust remains the sole holder of Trust Interests, the Company, as sponsor of the Trust, acting through its Board of Directors, shall cause the Trust to conduct a capital reduction on similar terms and shall ensure that an identical number of Trust Interests and Trust Shares are issued and Outstanding at any one time.

(b) In the event the Board of Directors determines that the Company shall make an offer to repurchase any number of issued and Outstanding Trust Interests, the Board of

Directors shall deliver to the Transfer Agent notice of such offer to repurchase indicating the repurchase price and the date of repurchase (the "***Repurchase Date***") and shall cause the Transfer Agent to mail a copy of such notice to the Members and holders of Trust Shares, as the case may be, at least thirty (30) days prior to the Repurchase Date. Any Trust Interests tendered and repurchased by the Company, in accordance with this Section 3.4, shall be deemed to be authorized and issued, but not Outstanding and, subject to Section 2.1, may subsequently be sold or Transferred for due consideration.

Section 3.5 Mutilated, Lost, Destroyed or Stolen Certificates. Each holder of record of Trust Interests and Allocation Interests shall promptly notify the Company of any mutilation, loss or destruction of any certificate of which such holder is the record holder. The Company may, in its discretion, cause the Transfer Agent to issue a new certificate in place of any certificate theretofore issued by it and alleged to have been mutilated, lost, stolen or destroyed, upon surrender of the mutilated Share certificate or, in the case of loss, theft or destruction of the certificate, upon satisfactory proof of such loss, theft or destruction, and the Board of Directors may, in its discretion, require the holder of record of the Trust Interests or Allocation Interests evidenced by the lost, stolen or destroyed certificate, or his legal representative, to give the Transfer Agent a bond sufficient to indemnify the Transfer Agent against any claim made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE 4

ALLOCATIONS

Section 4.1 General Application. The rules set forth below in this Article 4 shall apply for the purposes of determining each Member's allocable share of the items of income, gain, loss and expense of the Company comprising Profits or Losses of the Company for each Allocation Year, determining special allocations of other items of income, gain, loss and expense, and adjusting the balance of each Member's Capital Account to reflect the aforementioned general and special allocations. For each Allocation Year, the special allocations in Section 4.3 shall be made immediately prior to the general allocations of Section 4.2.

Section 4.2 Allocations of Profits and Losses.

(a) Special Allocations Following Capital Gain Transactions. If the Company has a Sale Event during the Allocation Year, any Company Net Long Term Capital Gain shall be allocated:

(i) First to the Allocation Member to the extent of any amounts payable to the Allocation Member with respect to the Allocation Year pursuant to Section 5.2, and

(ii) The balance of such Net Long Term Capital Gain shall be allocated among the Members in accordance with the general allocation of Profits or Losses for such year, as provided in Section 4.2(b) or (c).

(b) Allocation of Profit. If the Company has Profits during the Allocation Year, after excluding the amount of any Net Long Term Capital Gain allocated to the Allocation Member pursuant to Section 4.2(a), such Profits (as so reduced) shall be allocated:

(i) First to the Allocation Member to the extent of the any amounts payable to the Allocation Member with respect to the Allocation Year pursuant to Section 5.2, but without duplicating any allocations of Net Long Term Capital Gain to the Allocation Member for such Allocation Year pursuant to Section 4.2(a), and

(ii) The balance to the Members in accordance with their Percentage Interests.

(c) Allocation of Losses. If the Company has Losses during the Allocation Year, after excluding the amount of any Net Long Term Capital Gain allocated to the Allocation Member pursuant to Section 4.2(a), such Losses (as so increased) shall be allocated, subject to the limitations of Section 4.5:

(i) First to the Members in accordance with their Percentage Interests, up to, but not exceeding, the amount that would cause the Capital Account of any Member to be a negative number; and

(ii) The balance, if any, shall be allocated among the Trust Members in accordance with their Percentage Interests.

(d) Character of Allocations. Allocations to Members of Profits or Losses pursuant to Sections 4.2(b) and 4.2(c) shall consist of a proportionate share of each Company item of income, gain, expense and loss entering into the computation of Profits or Losses for such Allocation Year (other than the portion of each Net Long Term Capital Gain that is specially allocated to the Allocation Member pursuant to Section 4.2(a)).

Section 4.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Article 4, if there is a net decrease in Company Minimum Gain during any Allocation Year, each Member shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g) and (h). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 4.3(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Article 4, if

there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 4.3(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Section 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Member as quickly as possible; *provided*, that an allocation pursuant to this Section 4.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 4 have been tentatively made as if this Section 4.3(c) were not in this Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Members in the manner elected by the Tax Matters Member in conformity with the provisions of Regulations 1.704-2, and in the absence of such an election, to the Trust Members in proportion to their respective Percentage Interests.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(f) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b), is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies or to the Member to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(g) Allocations Relating to Taxable Issuance of Company LLC Interests. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of LLC Interests by the Company to a Member (the ***"Issuance Items"***) shall be allocated among the

Members (the Trust Members and Allocation Members) so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations made under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

Section 4.4 Curative Allocations. The allocations set forth in Sections 4.3(a), 4.3(b), 4.3(c), 4.3(d), 4.3(e), 4.3(f), 4.3(g) and 4.5 (the ***"Regulatory Allocations"***) are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 4.4. Therefore, notwithstanding any other provision of this Article 4 (other than the Regulatory Allocations), the Board of Directors shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Agreement and all Company items were allocated pursuant to Sections 4.1, 4.2 and 4.3(h).

Section 4.5 Loss Limitation.Losses allocated pursuant to Section 4.2 shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Allocation Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 4.2, the limitation set forth in this Section 4.5 shall be applied on a Member-by-Member basis, and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Members' Capital Accounts so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

Section 4.6 Other Allocation Rules.

(a) For purposes of determining the Profits and Losses or any other items allocable to any period, Profits, Losses, and any other such items shall be determined on a monthly or other basis, as determined by the Company using any method permissible under Code Section 706 and the Regulations thereunder.

(b) The Members are aware of the income tax consequences of the allocations made by this Article 4 and hereby agree to be bound by the provisions of this Article 4 in reporting their shares of Company income and loss for income tax purposes.

(c) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Member's interests in Company profits are in proportion to their Percentage Interests.

(d) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions as having been made from the proceeds of a

Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

(e) To the extent the Tax Matters Member determines, in consultation with the Company's tax advisors, that any distribution pursuant to Article 5 to a Member hereunder (or portion of such distribution) would more properly be characterized as a payment described in Code Section 707(a) or 707(c), such payment may be so characterized in the Company's tax filings, and in such event, shall be taken into account for federal income tax purposes as an expense of the Company, and not as an allocation of income to a Member affecting such Member's Capital Account.

Section 4.7 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for U.S. federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value) using a method, selected in the discretion of the Board of Directors in accordance with Section 1.704-3 of the Regulations.

In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for U.S. federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Board of Directors in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 4.7 are solely for purposes of U.S. federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

ARTICLE 5

DISTRIBUTIONS

Section 5.1 Distributions to Members. Except as otherwise provided in Section 5.3 and Article 14, the Board of Directors may, in its sole discretion and at any time, declare and pay distributions with respect to the LLC Interests to the Members, as of any record date established by the Board of Directors with respect to such distributions, from Cash Available for Distribution to all Members in proportion to their Percentage Interests.

Section 5.2 Distributions to the Allocation Member.

(a) In General. Except as otherwise provided in Section 5.3 and Article 14 and subject to the other terms and conditions set forth in this Section 5.2, for so long as the

Allocation Interests are Outstanding (i) the Administrator shall calculate (x) the Profit Distribution Amount, and the components thereof, in accordance with Section 5.2(b) and (y) Tax Distributions, and the components thereof, in accordance with Section 5.2(i) and (ii) the Company shall pay (x) Profit Distributions in accordance with Section 5.2(e) and (y) Tax Distributions in accordance with Section 5.2(h).

(b) Calculation of Profit Distribution Amount Upon Trigger Event. Subject to Section 5.2(g), upon the occurrence of a Trigger Event with respect to any Subsidiary (the "***Profit Distribution Subsidiary***"), the Administrator, as of the relevant Calculation Date with respect to such Trigger Event, shall:

(i) calculate, on or promptly following such Calculation Date, the Profit Distribution Amount with respect to such Profit Distribution Subsidiary as of such Calculation Date; and

(ii) adjust such Profit Distribution Amount (as adjusted, the ***"Adjusted Profit Distribution Amount"***) so calculated, on a dollar-for-dollar basis, by:

(A) *reducing* such Profit Distribution Amount by the aggregate amount of any Over-Paid Profit Distributions, if any, existing as of such Calculation Date;

(B) *increasing* such Profit Distribution Amount by the aggregate amount of any Under-Paid Profit Distributions, if any, existing as of such Calculation Date; and

(C) *reducing* such Profit Distribution Amount by the aggregate amount of any Tax Distributions, if any, that were previously received by the Allocation Member on any Tax Distribution Payment Date prior to such Calculation Date, to the extent such amount of Tax Distributions have not been previously applied towards a reduction of Profit Distribution Amount in accordance with this Section 5.2(b).

If more than one Trigger Event takes place during any Fiscal Quarter which would cause the calculation of the Profit Distribution Amount with respect to more than one Profit Distribution Subsidiary as of the Calculation Date with respect to such Trigger Event, then the Profit Distribution Amount shall be calculated under this Section 5.2(b) with respect to each Profit Distribution Subsidiary separately and in the order in which controlling interest in each such Profit Distribution Subsidiary was acquired or otherwise obtained by the Company, and the resulting amounts so calculated shall be aggregated to determine the total amount of the Profit Distribution Amount as of such Calculation Date for any purpose hereunder; *provided*, that if controlling interest in such Profit Distribution Subsidiaries was acquired or otherwise obtained at the same time, then the Profit Distribution Amount shall be further calculated under this Section 5.2(b) with respect to each Profit Distribution Subsidiary separately and in the order in which each such Profit Distribution Subsidiary was sold.

(c) Approval of Profit Distributions. The Administrator shall promptly submit in writing any calculation of the Adjusted Profit Distribution Amount to the Audit Committee, in sufficient detail to permit a prompt review and approval by the Audit Committee. Any calculation of the Adjusted Profit Distribution Amount so submitted by the Administrator shall be deemed automatically approved by the Audit Committee ten (10) Business Days after

the date submitted by the Administrator (such approved Adjusted Profit Distribution Amount, as well as any amounts deemed to be Approved Profit Distributions pursuant to Sections 5.2(c) or 5.2(d)), the "***Approved Profit Distribution***"); *provided*, that if the Audit Committee, by resolution, disapproves of the calculation of such Adjusted Profit Distribution Amount submitted to it by the Administrator within such ten (10) Business Days, then, within ten (10) Business Days after the date of such resolution of disapproval, the Audit Committee shall recalculate, or cause the recalculation of, such Adjusted Profit Distribution Amount as of the relevant Calculation Date in accordance with this Section 5.2 (such recalculated Adjusted Profit Distribution Amount, the "***Disputed Profit Distribution***") and present in writing its calculation of the Disputed Profit Distribution to the Administrator in sufficient detail to permit a prompt review by the Administrator (such date of presentation, the "***Disputed Profit Distribution Date***"); *provided*, *further*, that if the Audit Committee fails to present such a calculation of Disputed Profit Distribution to the Administrator by the tenth (10th) Business Day after the date it disapproves of the calculation of Adjusted Profit Distribution Amount submitted to it by the Administrator, then the calculation of the Adjusted Profit Distribution Amount originally submitted to the Audit Committee by the Administrator shall be deemed an Approved Profit Distribution on such tenth (10th) Business Day.

(d) Independent Accounting Firm. The Administrator shall have ten (10) Business Days to review the Audit Committee's calculation of any Disputed Profit Distribution presented to it pursuant to Section 5.2(c), and if the Administrator disagrees with such calculation, then the Administrator shall have the right, pursuant to a written notice that must be delivered during such ten (10) Business Day period, to direct the Audit Committee to engage, at the Company's cost and expense, an independent accounting firm to calculate the Adjusted Profit Distribution Amount as of the relevant Calculation Date in accordance with this Section 5.2. Such notice from the Administrator shall state any points of disagreement with the Audit Committee's calculation and shall designate no fewer than three independent accounting firms to calculate the Adjusted Profit Distribution Amount. The Audit Committee shall engage one of the designated independent accounting firms within ten (10) Business Days. If the Audit Committee fails to engage one of the designated independent accounting firms within ten (10) Business Days, then the calculation of the Adjusted Profit Distribution Amount originally submitted to the Audit Committee by the Administrator pursuant to Section 5.2(c) shall be deemed an Approved Profit Distribution. The Audit Committee shall direct the designated independent accounting firm to deliver its calculation of the Adjusted Profit Distribution Amount, calculated in accordance with this Section 5.2 (as calculated, the "***Independently Calculated Profit Distribution***"), within twenty (20) Business Days of its engagement (the ***"Submission Date***") to both the Administrator and the Audit Committee at the same time. If the independent accounting firm so engaged fails to deliver its calculation of the Adjusted Profit Distribution Amount within the time required hereby, then the calculation of the Adjusted Profit Distribution Amount originally submitted to the Audit Committee by the Administrator pursuant to Section 5.2(c) shall be deemed an Approved Profit Distribution. In making its calculation of the Adjusted Profit Distribution Amount, the independent accounting firm shall (i) review and consider any documentation submitted by the Administrator and the Audit Committee in support of their respective calculations of the Adjusted Profit Distribution Amount, and (ii) be based on the most recently available consolidated financial statements of the Company and its Subsidiaries (audited or unaudited). The Independently Calculated Profit Distribution shall be final,

conclusive and binding on the Administrator, the Audit Committee, the Company and the Allocation Member.

(e) Payment of Profit Distributions. Subject to 5.2(l), the Company shall pay, on the applicable Profit Distribution Payment Date with respect to any Calculation Date, Profit Distribution in the following manner:

(i) First, one of the following amounts of Profit Distribution:

(A) if the calculation of the Adjusted Profit Distribution Amount as of such Calculation Date submitted by the Administrator to the Audit Committee is deemed approved in accordance with Section 5.2(c) or 5.2(d), then the Company shall pay to the Allocation Member on the Approved Profit Distribution Payment Date an amount equal to the Approved Profit Distribution as of such Calculation Date, or

(B) if (x) the calculation of the Adjusted Profit Distribution Amount as of such Calculation Date submitted by the Administrator to the Audit Committee is disapproved by the Audit Committee and recalculated by the Audit Committee and (y) the Administrator does not disagree with such calculation of Disputed Profit Distribution pursuant to Section 5.2(d), then the Company shall pay to the Allocation Member on the Disputed Profit Distribution Payment Date an amount equal to the Disputed Profit Distribution as of such Calculation Date; or

(C) if (x) the calculation of the Adjusted Profit Distribution Amount as of such Calculation Date submitted by the Administrator to the Audit Committee is disapproved by the Audit Committee and recalculated by the Audit Committee and (y) the Administrator disagrees with such calculation of Disputed Profit Distribution and directs the Audit Committee to engage an independent accounting firm pursuant to Section 5.2(d) and the Audit Committee engages such independent accounting firm, then the Company shall pay to the Allocation Member on the Disputed Profit Distribution Payment Date the *lesser* of an amount equal to (A) the Profit Distribution Amount, as of such Calculation Date, originally submitted to the Audit Committee by the Administrator pursuant to Section 5.2(c), and (B) the Disputed Profit Distribution as of the relevant Calculation Date; and

(ii) Second, one of the following amounts of Profit Distribution:

(A) if an independent accounting firm delivers its Independently Calculated Profit Distribution as of such Calculation Date to the Administrator and the Audit Committee in accordance with Section 5.2(d), then the Company shall pay to the Allocation Member on the Independently Calculated Profit Distribution Payment Date an amount equal to the amount by which (x) the Independently Calculated Profit Distribution as of such Calculation Date *exceeds* (y) the amount of Profit Distribution, as the case may be and as of such Calculation Date, paid by the Company in accordance with Section 5.2(e)(i)(C), or

(B) if (x) an independent accounting firm fails to delivers its calculation of Adjusted Profit Distribution Amount as of such Calculation Date to the Administrator and the Audit Committee in accordance with Section 5.2(d) and (y) the Profit Distribution Amount originally submitted to the Audit Committee by the Administrator pursuant

to Section 5.2(c) is greater than the Disputed Profit Distribution, then the Company shall pay to the Allocation Member on the Submission Failure Payment Date, the amount by which Approved Profit Distribution as of such Calculation Date *exceeds* (y) the amount of Profit Distribution, as the case may be and as of such Calculation Date, paid by the Company in accordance with Section 5.2(e)(i)(C).

Any Profit Distributions will be due and payable on the applicable Profit Distribution Payment Date by the Company, in arrears, in immediately available funds by wire transfer to an account designated by the Allocation Member from time to time.

(f) Reserved.

(g) True-Up and Review of Profit Distributions. The calculation to be made by any Person hereunder of any Profit Distribution or Adjusted Profit Distribution Amount, in each case, as of any Calculation Date, shall be based on, in the following order (i) audited consolidated financial statements to the extent available with respect to any Person underlying such calculation of Profit Distribution, (ii) if audited consolidated financial statements are not available with respect to such Person, then unaudited consolidated financial statements to the extent available with respect to such Person, and (iii) if neither audited nor unaudited consolidated financial statements are available with respect to such Person, then the books and records of such Person then available; *provided*, that, with respect to any calculation of the Profit Distribution based on the books and records of any Person related to such calculation of Profit Distribution, upon availability of, in the first instance, audited consolidated financial statements with respect to such Person or, in the second instance, unaudited consolidated financial statements with respect to such Person, in each case, relating to amounts previously calculated on such Calculation Date by reference to the books and records of such relevant Person, the Profit Distribution Amount, and any components thereof, as of such Calculation Date shall be recalculated to determine if any Over-Paid Profit Distributions or Under-Paid Profit Distributions were created as of such Calculation Date. In making any determination under this Section 5.2 with respect to any individual calculation of the Profit Distribution Amount or Adjusted Profit Distribution Amount, in each case, as of any Calculation Date, such determination shall be based on only one of the following, in the following order, with respect to such calculation of Profit Distribution Amount or Adjusted Profit Distribution Amount, as the case may be: (x) the Independently Calculated Profit Distribution calculated as of such Calculation Date, (y) if no Independently Calculated Profit Distribution was calculated as of such Calculation Date, the Approved Profit Distribution as of such Calculation Date, and (z) if no Approved Profit Distribution or Independently Calculated Profit Distribution, in each case, was calculated as of such Calculation Date (i.e., if the Profit Distribution Amount calculated by the Administrator as of such Calculation Date was not approved by the Audit Committee, automatically or otherwise, or the Administrator did not disagree with the Audit Committee's calculated of Disputed Profit Distribution as of such Calculation Date), the Disputed Profit Distribution as calculated as of the Calculation Date.

(h) Payment of Tax Distributions. With respect to any calendar year in which the Allocation Member shall be allocated income pursuant to Article 4, but with respect to which the Allocation Member has not, prior to April 15 of the following year, received Profit Distributions from the Company pursuant to Section 5.2(e) in amounts at least equal to the

Allocation Member's tax liability arising from allocations of income hereunder to the Allocation Member with respect to such calendar year, the Company shall make a distribution to the Allocation Member in an amount calculated in accordance with Section 5.2(i) (the "***Tax Distribution***") by April 15 of such following year (such date of payment, the "***Tax Distribution Payment Date***").

(i) Calculation of Tax Distributions. The amount of Tax Distributions to be paid on any Tax Distribution Payment Date pursuant to Section 5.2(h) shall be calculated as if the items of income, gain, deduction, loss and credit in respect of the Company were the only such items entering into the computation of tax liability of the Allocation Member for the calendar year and as if the Allocation Member were subject to tax at the highest marginal effective rate of Federal, state and local income tax applicable to an individual resident in New York City, taking account of any difference in rates applicable to ordinary income and long terms capital gains and any allowable deductions in respect of such state and local taxes in computing the Allocation Member's liability for Federal income taxes.

(j) Books and Records. The Administrator shall maintain cumulative books and records with respect to the details of any calculations made pursuant to this Section 5.2, which records shall be available for inspection and reproduction at any time upon request by the Board of Directors and the Allocation Member.

(k) Sufficient Liquidity. If the Company does not have sufficient liquid assets to pay the entire amount of Profit Distributions and/or Tax Distributions, including any accrued and unpaid Profit Distributions and/or Tax Distribution to date, on any applicable Profit Distribution Date, the Company shall liquidate assets or incur indebtedness in order to pay such Profit Distribution and/or Tax Distribution, as the case may be, in full on such Profit Distribution Payment Date; *provided*, that the Allocation Member may elect, in its sole discretion, on such Profit Distribution Payment Date and/or Tax Distribution Payment Date, as the case may be, to allow the Company to defer the payment of all or any portion of the Profit Distribution and/or Tax Distribution, as the case may be, then accrued and unpaid until the next succeeding Profit Distribution Payment Date or Tax Distribution Payment Date, as the case may be, and, thereby, enable to the Company to avoid such liquidation or incurrence. For the avoidance of doubt, the Allocation Member may make such election to allow the Company to defer the payment of the Profit Distributions and/or Tax Distributions more than once.

(l) Distribution Entitlement. The Allocation Member shall have the right to elect, in its sole discretion, on any applicable Profit Distribution Payment Date to defer payment by the Company of all or any portion of the amount of Profit Distribution payable by the Company in accordance with Section 5.2(e) on such Profit Distribution Payment Date. Such election shall become effective upon the delivery of a written notice to the Company indicating the amount of Profit Distribution that the Allocation Member is electing to defer (such amount, the "***Distribution Entitlement***"). Once deferred, the Company shall pay, on twenty (20) Business Days prior written notice delivered by the Allocation Member and received by the Company (the "***Distribution Entitlement Notice***"), all or any portion of the Distribution Entitlement Amount as designated by the Allocation Member in the Distribution Entitlement Notice (the "***Distribution Entitlement Payment***") on the date specified in the Distribution Entitlement Notice (the "***Distribution Entitlement Payment Date***"). Any Distribution

Entitlement Notice delivered by the Allocation Member pursuant to this Section 5.2(l) shall specify (i) the Distribution Entitlement Amount as of the date of such Distribution Entitlement Notice, (ii) the calculation of the Distribution Entitlement Amount, (iii) the portion of the Distribution Entitlement that the Allocation Member is electing to receive, and (iv) the Distribution Entitlement Payment Date with respect to the amount so elected to be received by the Allocation Member.

Section 5.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state, local or foreign tax law with respect to any payment, dividend or other distribution or allocation to the Company or the Members shall be treated as amounts paid to the Members with respect to which such amounts were withheld pursuant to this Section 5.3 for all purposes under this Agreement. The Company is authorized to withhold from payments or with respect to allocations to the Members, and to pay over to any U.S. federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other U.S. federal, state or local law or any foreign law, and shall allocate any such amounts to the Members with respect to which such amounts were withheld. For so long as the Trust is the sole Trust Member, all amounts withheld in accordance with this Section 5.3 will be treated as amounts paid to holders of the Trust Shares and any such amounts shall be allocated to the holders of the Trust Shares in the same proportion as any such allocations were made per Trust Interest.

Section 5.4 Limitations on Dividends and Distributions.

(a) The Company shall pay no distributions to the Members except as provided in this Article 5 and Article 14.

(b) A Member may not receive, and the Company, and Board of Directors on behalf of the Company may not make, distributions from the Company to the extent such distribution is inconsistent with, or in violation of, the Act or any provision of this Agreement.

ARTICLE 6

BOARD OF DIRECTORS

Section 6.1 Initial Board. The Board of Directors is comprised of the seven following individuals: I. Joseph Massoud, C. Sean Day, James J. Bottiglieri, D. Eugene Ewing, Ted Waitman, Mark H. Lazarus and Harold S. Edwards (each, an ***"Initial Director"*** and, collectively, the ***"Initial Board"***). Each Initial Director shall hold office until his successor is elected or appointed and qualified, or until his or her earlier death, resignation or removal in accordance with this Article 6. The Initial Board shall have all of the powers and authorities accorded to the Board of Directors, and each Initial Director shall have all of the powers and authorities accorded the directors of the Company under the terms of this Agreement.

Section 6.2 General Powers. The business and affairs of the Company shall be managed by or under the direction of its Board of Directors. Each director of the Company, when acting in such capacity, is a "manager" within the meaning of Section 18-402 of the Act and as such is

vested with the powers and authorities necessary for the management of the Company, subject to the terms of this Agreement and the Management Services Agreement; *provided*, that no director is authorized to act individually on behalf of the Company and the Board of Directors shall only take action in accordance with the requirements of this Agreement. In addition to the powers and authorities expressly conferred upon it by this Agreement, the Board of Directors may exercise all such powers of the Company and do all such lawful acts and things as are not prohibited by applicable law, including the Rules and Regulations, or by this Agreement required to be exercised or done by the Members. Without limiting the generality of the foregoing, it shall be the responsibility of the Board of Directors to establish broad objectives and the general course of the business, determine basic policies, appraise the adequacy of overall results, and generally represent and further the interests of the Members.

Section 6.3 Duties of Directors. Except as provided in this Agreement or otherwise required by the Act, each director of the Company shall have the same fiduciary duties to the Company and the Members as a director of a corporation incorporated under the DGCL has to such corporation and its stockholders, as if such directors of the Company were directors of a corporation incorporated under the DGCL. Except as provided in this Agreement, the parties intend that the fiduciary duties of the directors of the Company shall be interpreted consistently with the jurisprudence regarding such fiduciary duties of directors of a corporation under the DGCL. It shall be expressly understood that, to the fullest extent permitted by law, no director of the Company has any duties (fiduciary or otherwise) with respect to any action or inaction of the Manager, and that, to the fullest extent permitted by law, any actions or inactions of the directors of the Company that cause the Company to act in compliance or in accordance with the Management Services Agreement shall be deemed consistent and compliant with the fiduciary duties of such directors and shall not constitute a breach of any duty hereunder or existing in law, in equity or otherwise.

Section 6.4 Number, Tenure and Qualifications. As provided by Section 6.1, the Initial Board shall be comprised of seven (7) Initial Directors and at all times from and after the closing of the Initial Public Offering the composition of the Board of Directors shall consist of at least a majority of Independent Directors. Subject to this Section 6.4, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by the Board of Directors, but shall consist of not less than five (5) nor more than thirteen (13) directors. However, no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Subject to the next sentence, the Board of Directors shall be divided into three classes: Class I, Class II, Class III, with the holders of Trust Interests entitled to elect or appoint the Class I, II, and III directors. In addition, the Board of Directors shall include one (1) director (or, if there are nine (9) or more directors then serving on the Board of Directors, two (2) directors), who shall not be a member of any class (each, an "***Appointed Director***"), and who shall be elected or appointed by the Allocation Member.

Classes I, II and III shall be divided as nearly equal in numbers as the then total number of directors constituting such classes permits, with the term of office of each class expiring in succeeding years, so that (except for the initial terms provided below) each such director shall be elected for a three year term. If the number of such directors is not evenly

divisible by three, the greatest number of such directors shall be in Class III and the least number in Class I. The initial Class I directors shall hold office for a term expiring at the first annual meeting of the Members following closing of the Initial Public Offering, the initial Class II directors shall hold office for a term expiring at the second succeeding annual meeting of the Members following closing of the Initial Public Offering, and the initial Class III directors shall hold office for a term expiring at the third succeeding annual meeting of the Members following closing of the Initial Public Offering. The initial Class I directors are Mark H. Lazarus and Harold S. Edwards. The initial Class II directors are James J. Bottiglieri and Ted Waitman. The initial Class III directors are C. Sean Day and D. Eugene Ewing. Any director filling any Class I, II or III vacancy pursuant to Section 6.8 shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. The term of each director in Classes I, II and III shall be the period from the effective date of such director's election until the end of the term provided in this paragraph, or until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Directors need not be residents of the State of Delaware or Members.

The Allocation Member has designated I. Joseph Massoud as the initial Appointed Director. The Appointed Director shall hold office until his successor is elected or appointed and qualified, or until his or her earlier death, resignation or removal in accordance with this Article 6. Any director filling a Appointed Director vacancy pursuant to Section 6.8 shall hold office until his successor is elected or appointed and qualified, or until his or her earlier death, resignation or removal in accordance with this Article 6.

Section 6.5 Election of Directors. Except as provided in Sections 6.1, 6.4 and 6.8, the Class I, II and III directors shall be elected at the annual meeting of Members. At any meeting of Members duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the Trust Interests present in person or represented by proxy at the meeting of Members. Except as provided in Sections 6.1 and 6.8, the Appointed Director shall be elected or appointed at such time or times as the Allocation Member so determines, pursuant to written notice delivered to the Chairman or, if none then serving, the Board of Directors as constituted immediately prior to such election or appointment.

Section 6.6 Removal. Any director may be removed from office, with or without cause, by the affirmative vote of the Members holding at least eighty-five percent (85%) of the applicable issued and Outstanding Trust Interests that so elected or appointed such director. In the case of an Appointed Director, any such removal shall be evidenced in writing by the Allocation Member, which shall be delivered to the Chairman or, if none then serving, the Board of Directors as constituted immediately after such removal.

Section 6.7 Resignations. Any director, whether elected or appointed, may resign at any time upon notice of such resignation to the Company. An Independent Director who ceases to be independent shall promptly resign to the extent required for the Company or the Allocation Member to comply with applicable laws, rules and regulations.

Section 6.8 Vacancies and Newly Created Directorships. Until the second annual election of directors following the Initial Public Offering and other than with respect to the Appointed Director, any vacancies on the Board of Directors, including vacancies resulting from

any increase in the authorized number of directors, shall be filled by the Chairman for the applicable term relating to director position so filled. Thereafter, subject to Section 6.9 and other than with respect to an Appointed Director and except as otherwise provided herein, any vacancies on the Board of Directors, including vacancies resulting from any increase in the authorized number of directors, shall be filled by a majority vote of the directors then in office, although less than a quorum, or by a sole remaining director. Notwithstanding anything to the contrary contained in the preceding sentences of this Section 6.8, any director filling any such vacancy shall satisfy the Applicable Listing Standards and the Rules and Regulations, and any necessary or required qualifications under the Applicable Listing Standards and the Rules and Regulations for applicable committee membership. Subject to Section 6.9, any vacancies in the Appointed Director for any reason, and any newly created directorships resulting from any increase in the authorized number of Appointed Directors may be filled by the Allocation Member at such time or times as the Allocation Member so determines, pursuant to written notice delivered to the Chairman or, if none then serving, the Board of Directors as constituted immediately prior to filling such vacancy, or such election or appointment.

Section 6.9 Appointment of or Nomination and Election of Chairman. C. Sean Day shall be the initial Chairman, and shall hold office for a term expiring at the second annual meeting of the Members following the closing of the Initial Public Offering, or until such Chairman's successor is duly elected and qualified, or until such Chairman's earlier death, resignation or removal. As of the expiration of the term of the initial Chairman (and of any subsequent Chairman) or upon any such Chairman's earlier death, resignation or removal, a majority of the Board of Directors shall elect a Chairman, who shall hold office for at least one (1) year, or until such Chairman's successor is duly elected and qualified, or until such Chairman's earlier death, resignation or removal.

Section 6.10 Chairman of the Board. The Chairman shall be a member of the Board of Directors. The Chairman is not required to be an employee of the Company. The Chairman, if present, shall preside at all meetings of the Board of Directors. If the Chairman is unavailable for any reason, the duties of the Chairman shall be performed, and the Chairman's authority may be exercised, by a director designated for this purpose by the remaining directors of the Board of Directors. The Chairman shall perform such other duties and have such other powers as may be prescribed by the Board of Directors or this Agreement, all in accordance with basic policies as may be established by the Company, and subject to the approval and oversight of the Board of Directors.

Section 6.11 Regular Meetings. A regular meeting of the Board of Directors shall be held without any other notice than this Agreement, immediately after, and at the same place (if any) as, each annual meeting of Members. The Board of Directors may, by resolution, provide the time and place (if any) for the holding of additional regular meetings without any other notice than such resolution. Unless otherwise determined by the Board of Directors, the Secretary of the Company shall act as Secretary at all regular meetings of the Board of Directors and in the Secretary's absence a temporary Secretary shall be appointed by the chairman of the meeting.

Section 6.12 Special Meetings. Special meetings of the Board of Directors shall be called at the request of the Chief Executive Officer, the Chairman or of eighty-five percent (85%) of the directors of the Board of Directors. The Person or Persons authorized to call special

meetings of the Board of Directors may fix the place and time of the meetings. Unless otherwise determined by the Board of Directors, the Secretary of the Company shall act as Secretary at all special meetings of the Board of Directors and in the Secretary's absence a temporary Secretary shall be appointed by the chairman of the meeting.

Section 6.13 Notice for Special Meetings. Notice of any special meeting of the Board of Directors shall be mailed by first class mail, postage paid, to each director at his or her business or residence or shall be sent by telegraph, express courier service (including, without limitation, Federal Express) or facsimile (directed to the facsimile number to which the director has consented to receive notice) or other electronic transmission (including, but not limited to, an e-mail address at which the director has consented to receive notice) not later than three (3) days before the day on which such meeting is to be held if called by the Chief Executive Officer or the Chairman and twenty one (21) days before the day on which such meeting is to be held in all other cases. Except in the case where the business to be transacted at such special meeting includes a proposed amendment to this Agreement, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 9.12, either before or after such meeting.

Section 6.14 Waiver of Notice. Whenever any notice is required to be given to any director of the Company under the terms of this Agreement, a waiver thereof in writing, signed by the Person or Persons entitled to such notice, or a waiver thereof by electronic transmission by the Person or Persons entitled to notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors or committee thereof need be specified in any written waiver of notice or any waiver by electronic transmission of notice of such meeting.

Section 6.15 Action Without Meeting. Any action required or permitted to be taken at any meeting by the Board of Directors or any committee or subcommittee thereof, as the case may be, may be taken without a meeting, without a vote and without prior notice if a consent thereto is signed or transmitted electronically, as the case may be, by the Chairman and at least eighty-five percent (85%) of the directors of the Board of Directors or of such committee or subcommittee, as the case may be, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee or subcommittee; *provided*, *however*, that such electronic transmission or transmissions must either set forth or be submitted with information from which it can be determined that the electronic transmission or transmissions were authorized by the director. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 6.16 Conference Telephone Meetings. Directors of the Board of Directors, or any committee or subcommittee thereof, may participate in a meeting of the Board of Directors or such committee or subcommittee by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 6.17 Quorum. Except as otherwise provided in this Agreement, at all meetings of the Board of Directors, at least thirty-five percent (35%) of the then total number of directors in office (such total number of directors, the ***"Entire Board of Directors"***) shall constitute a quorum for the transaction of business. At all meetings of any committee of the Board of Directors, the presence of a majority of the total number of members of such committee (assuming no vacancies) shall constitute a quorum. The act of a majority of the directors or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or such committee, as the case may be. If a quorum shall not be present at any meeting of the Board of Directors or any committee, a majority of the directors or members, as the case may be, present thereat may adjourn the meeting from time to time without further notice other than announcement at the meeting. The directors of the Board of Directors present at a duly organized meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors of the Board of Directors to leave less than a quorum.

Section 6.18 Committees.

(a) Upon the effectiveness of the Initial Public Offering, the Company shall have three standing committees: the Nominating and Governance Committee, the Audit Committee and the Compensation Committee, as set out below. Each of the Nominating and Governance Committee, the Audit Committee and the Compensation Committee shall adopt by resolution a charter to establish the rules and responsibilities of such committee in accordance with applicable law, including the Rules and Regulations and the Applicable Listing Rules.

(i) Nominating and Corporate Governance Committee. The Board of Directors, by resolution adopted by a majority of the Entire Board of Directors, has designated a Nominating and Corporate Governance Committee comprised solely of Independent Directors, which committee shall oversee the Company's commitment to good corporate governance, develop and recommend to the Board a set of corporate governance principles and oversee the evaluation of the performance of the Board of Directors. The Nominating and Corporate Governance Committee shall have the duties and responsibilities enumerated in its charter, as amended from time to time by the Board of Directors.

Subject to Section 6.8, the Nominating and Corporate Governance Committee will solicit recommendations for director nominees (other than the Appointed Director) from the Chairman and the Chief Executive Officer. The Nominating and Corporate Governance Committee may also recommend to the Board specific policies or guidelines concerning the structure and composition of the Board of Directors or committees of the Board of Directors, and the tenure and retirement of directors (other than the Appointed Director) and matters related thereto.

(ii) Audit Committee. The Board of Directors, by resolution adopted by a majority of the Entire Board of Directors, has designated an Audit Committee comprised of not fewer than three (3) nor more than seven (7) directors, all of whom shall be Independent Directors, who shall collectively meet the financial literacy requirements of the Exchange Act, the Rules and Regulations and of the Applicable Listing Rules. At

least one member of the Audit Committee will meet the accounting or related financial management expertise required to be established by the Board of Directors. The Audit Committee shall have the duties and responsibilities enumerated in its charter, as amended from time to time by the Board of Directors.

The Company shall provide appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors for payment of:

(A) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;

(B) compensation to independent counsel and other advisors engaged for any reason by the Audit Committee; and

(C) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

(iii) Compensation Committee. The Board of Directors, by resolution adopted by a majority of the Entire Board of Directors, has designated a Compensation Committee comprised solely of Independent Directors. The Compensation Committee shall have the duties and responsibilities enumerated in its charter, as amended from time to time by the Board of Directors.

(b) In addition, the Board of Directors may designate one or more additional committees or subcommittees, with each such committee or subcommittee consisting of such number of directors of the Company and having such powers and authority as shall be determined by resolution of the Board of Directors.

(c) All acts done by any committee or subcommittee within the scope of its powers and authority pursuant to this Agreement and the resolutions adopted by the Board of Directors in accordance with the terms hereof shall be deemed to be, and may be certified as being, done or conferred under authority of the Board of Directors. The Secretary is empowered to certify that any resolution duly adopted by any such committee is binding upon the Company and to execute and deliver such certifications from time to time as may be necessary or proper to the conduct of the business of the Company.

(d) Regular meetings of committees shall be held at such times as may be determined by resolution of the Board of Directors or the committee or subcommittee in question and no notice shall be required for any regular meeting other than such resolution. A special meeting of any committee or subcommittee shall be called by resolution of the Board of Directors or by the Secretary upon the request of the Chief Executive Officer, the Chairman or a majority of the members of any committee. Notice of special meetings shall be given to each member of the committee in the same manner as that provided for in Section 6.13.

Section 6.19 Committee Members.

(a) Each member of any committee of the Board of Directors shall hold office until such member's successor is elected and has qualified, unless such member sooner dies, resigns or is removed.

(b) Subject to Section 6.8, the Board of Directors may designate one or more directors as alternate members of any committee to fill any vacancy on a committee and to fill a vacant chairmanship of a committee, occurring as a result of a member or chairman leaving the committee, whether through death, resignation, removal or otherwise.

Section 6.20 Committee Secretary. The Secretary of the Company shall act as Secretary of any committee or subcommittee, unless otherwise provided by the Board of Directors or the committee or subcommittee, as applicable.

Section 6.21 Compensation. The directors may be paid their expenses, if any, incurred with respect to their attendance at each meeting of the Board of Directors in their capacities as directors, any expenses reasonably incurred in their capacities as directors and, other than an Appointed Director or any executive officer serving in a director capacity who is an employee of the Manager, may be paid compensation as director or chairman of any committee or subcommittee, as the case may be, as determined by the Initial Board or, following the first annual meeting of Members, the Compensation Committee, as the case may be; *provided*, *however*, that the directors shall not receive any compensation prior to the issuance of the Trust Interests. Members of special or standing committees may be allowed like compensation and payment of expenses for attending committee meetings.

Section 6.22 Indemnification, Advances and Insurance.

(a) Each Person who was or is made a party or is threatened to be made a party to or is involved in any manner in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he, she or a Person of whom he or she is the legal representative is or was a director, officer, manager, Member of the Company or the Manager of the Company, or is or was serving at the request of the Company as a director, officer, manager, member of a Subsidiary of the Company or the Manager of the Company, if the Person acted in good faith and in a manner the Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the Person's conduct was unlawful, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with any such action, suit or proceeding, and held harmless by the Company to the fullest extent permitted from time to time as such Person would be if the Company were a corporation incorporated under the DGCL as the same exists or may hereafter be amended (but, if permitted by applicable law, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) or any other applicable laws as presently or hereafter in effect, and such indemnification shall continue as to a Person who has ceased to be a director, officer, manager, Member (or member) or the Manager of the Company and shall inure to the benefit of his or her heirs, executors and administrators (if applicable); *provided*, *however*, that the Company shall indemnify any such Person seeking indemnification

in connection with any such action, suit or proceeding (or part thereof) initiated by such Person only if such action, suit or proceeding (or part thereof) was authorized by the Board of Directors or is an action, suit or proceeding to enforce such Person's claim to indemnification pursuant to the rights granted by this Agreement. The Company shall pay, to the fullest extent permitted by law, the expenses (including attorneys' fees) incurred by such Person in defending any such action, suit or proceeding in advance of its final disposition upon receipt (unless the Company upon authorization of the Board of Directors waives such requirement to the extent permitted by applicable law) of an undertaking by or on behalf of such Person to repay such amount if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such Person is not entitled to be indemnified by the Company as authorized in this Agreement or otherwise.

With respect to any Person who is a present or former director, officer, manager, Member of the Company or the Manager of the Company, the undertaking required by this Section 6.22(a) shall be an unlimited general obligation but need not be secured and shall be accepted without reference to financial ability to make repayment; *provided*, *however*, that such present or former director, officer, manager, Member of the Company or the Manager of the Company does not transfer assets with the intent of avoiding such repayment. With respect to any Person who is a present or former director, officer, manager, Member of the Company or the Manager of the Company, the provisions of Section 6.22(b) relating to a determination that indemnification is proper in the circumstances shall not be a condition to such Person's right to receive advances pursuant to this Section 6.22(a).

(b) Any indemnification of a present or former director, officer, manager, Member or the Manager of the Company under this Section 6.22 shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, manager, Member or the Manager of the Company is proper in the circumstances because the Person has met the applicable standard of conduct set forth in Section 6.3 or the applicable section of Article 7, as the case may be, and acted in good faith and in a manner the Person reasonably believed to be in, or not opposed to, the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that its conduct was unlawful. Such determination shall be made, with respect to a Person who is a director, officer, manager, Member or the Manager of the Company at the time of such determination, (1) by a majority vote of the directors who are not parties to any such action, suit or proceeding, even though less than a quorum, (2) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, (3) if there are no such directors, or if a majority, even though less than a quorum, of such directors so direct, by independent legal counsel in a written opinion, or (4) by the Members. The indemnification and the advancement of expenses incurred in defending a action, suit or proceeding prior to its final disposition provided by or granted pursuant to this Agreement shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, provision of the Certificate, other provision of this Agreement, vote of Members or Disinterested Directors (as defined below) or otherwise. No repeal, modification or amendment of, or adoption of any provision inconsistent with, this Section 6.22, nor, to the fullest extent permitted by applicable law, any modification of law, shall adversely affect any right or protection of any Person granted pursuant hereto existing at, or with respect to any events that occurred prior to, the time of such repeal, amendment, adoption or modification.

(c) The Company may maintain insurance, at its expense, to protect itself and any Person who is or was a director, officer, partner, the Manager (or manager), Member (or member), employee or agent of the Company or a Subsidiary of the Company or of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under the DGCL (if the Company were a corporation incorporated thereunder) or the Act.

(d) The Company may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Company the expenses incurred in defending any such action, suit or proceeding in advance of its final disposition, to any Person who is or was an employee or agent of the Company or any Subsidiary of the Company (other than those Persons indemnified pursuant to clause (a) of this Section 6.22) and to any Person who is or was serving at the request of the Company or a Subsidiary of the Company as a director, officer, partner, manager, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Company or a Subsidiary of the Company, to the fullest extent of the provisions of this Agreement with respect to the indemnification and advancement of expenses of directors, officers, managers and Members of the Company. The payment of any amount to any Person pursuant to this clause (d) shall subrogate the Company to any right such Person may have against any other Person or entity.

(e) The indemnification provided in this Section 6.22 is intended to comply with the requirements of, and provide indemnification rights substantially similar to those available to corporations incorporated under, the DGCL as it relates to the indemnification of officers, directors, employees and agents of a Delaware corporation and, as such (except to the extent greater rights are expressly provided in this Agreement), the parties intend that they should be interpreted consistently with the provisions of, and jurisprudence regarding, the DGCL.

(f) Any notice, request or other communications required or permitted to be given to the Company under this Section 6.22 shall be in writing and either delivered in person or sent by facsimile, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Company and shall be effective only upon receipt by the Secretary, as the case may be.

(g) To the fullest extent permitted by the law of the State of Delaware, each Member, manager, director, officer, employee and agent of the Company agrees that all actions for the advancement of expenses or indemnification brought under this Section 6.22 or under any vote of Members or Disinterested Directors or otherwise shall be a matter to which Section 18-111 of the Act shall apply and which shall be brought exclusively in the Court of Chancery of the State of Delaware. Each of the parties hereto agree that the Court of Chancery may summarily determine the Company's obligations to advance expenses (including attorneys' fees) under this Section 6.22.

Section 6.23 Reliance; Limitations in Liability.

(a) Each director of the Company shall, in the performance of such director's duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by the Manager, or employees of the Manager, or any of the officers of the Company, or committees of the Board of Directors, or by any other Person as to matters the director reasonably believes are within such other Person's professional or expert competence, including, without limitation, information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company, or the value and amount of assets or reserves or contracts, agreements or other undertakings that would be sufficient to pay claims and obligations of the Company or to make reasonable provision to pay such claims or obligations, or any other facts pertinent to the existence and amount of the assets of the Company from which distributions to Members might properly be paid.

(b) No director shall be liable to the Company or the Members for monetary damages for any breach of fiduciary duty by such director as a director; *provided, however*, that a director shall be liable to the same extent as if he or she were a director of a Delaware corporation pursuant to the DGCL (i) for breach of the director's duty of loyalty to the Company or its Members, (ii) for acts or omissions not in good faith or a knowing violation of applicable law, or (iii) for any transaction for which the director derived an improper benefit. To the extent the provisions of this Agreement restrict or eliminate the duties and liabilities of a director of the Company or the Members or the Manager otherwise existing at law or in equity, the provisions of this Agreement shall replace such duties and liabilities.

(c) To the fullest extent permitted by law, a director of the Company shall not be liable to the Company, any Member, the Trust or any other Person for: (i) any action taken or not taken as required by this Agreement; (ii) any action taken or not taken as permitted by this Agreement and, with respect to which, such director acted on an informed basis, in good faith and with the honest belief that such action, taken or not taken, was in the best interests of the Company; or (iii) the Company's compliance with an obligation incurred or the performance of any agreement entered into prior to such director having become a director of the Company.

(d) Any director shall not be liable to the Company or to any other director or Member of the Company or any such other Person for breach of fiduciary duty for the director's good faith reliance on the provisions of this Agreement.

(e) Except as otherwise required by the Act, the debts, obligations and liabilities of the Company shall be solely the debts, obligations and liabilities of the Company and no director shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a director of the Company.

ARTICLE 7

OFFICERS

Section 7.1 General.

(a) The officers of the Company shall be elected by the Board of Directors, subject to Section 7.1(b) and Article 8. The officers of the Company shall consist of a Chief Executive Officer, a Chief Financial Officer and a Secretary and, subject to Section 7.1(b), such other officers as in the judgment of the Board of Directors may be necessary or desirable. All officers elected by the Board of Directors shall have such powers and duties as generally pertain to their respective offices for a corporation incorporated under the DGCL, subject to the specific provisions of this Article 7. Such officers shall also have powers and duties as from time to time may be conferred by the Board of Directors or any committee thereof. Any number of offices may be held by the same Person, unless otherwise prohibited by applicable law or this Agreement. The officers of the Company need not be Members or directors of the Company.

(b) For so long as the Management Services Agreement is in effect, the Manager shall second personnel to serve as the Chief Executive Officer and the Chief Financial Officer and in such other capacities as set forth in the Management Services Agreement, subject to Section 8.5. The Board of Directors shall elect nominated personnel as officers of the Company in accordance with this Article 7. Upon termination of the Management Services Agreement, if no replacement manager is retained by the Company to assume the Manager's rights and obligations hereunder, the Nominating and Corporate Governance Committee shall nominate and the Board of Directors shall elect the officers of the Company.

Section 7.2 Duties of Officers. Except as provided in this Agreement (or as required by the Act), each officer of the Company shall have the same fiduciary duties applicable to officers of a corporation incorporated under the DGCL, as if such officers were officers of a corporation incorporated under the DGCL. Except as provided in this Agreement, the parties hereto intend that the fiduciary duties of the officers of the Company shall be interpreted consistently with the jurisprudence regarding such fiduciary duties of officers of a corporation under the DGCL. It shall be expressly understood that, to the fullest extent permitted by law, no officer of the Company owes any duties (fiduciary or otherwise) to the Members or the Company with respect to any action or inaction of the Manager pursuant to the terms of the Management Services Agreement.

Section 7.3 Election and Term of Office. Subject to Section 7.1(b), the elected officers of the Company shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until his or her successor shall have been duly elected and qualified or until his or her death or resignation or removal.

Section 7.4 Chief Executive Officer. The Chief Executive Officer of the Company shall, subject to the oversight of the Board of Directors, supervise, coordinate and manage the Company's business and operations, and supervise, coordinate and manage its activities, operating expenses and capital allocation, shall have general authority to exercise all the powers necessary for the Chief Executive Officer of the Company and shall perform such other duties and have such other powers as may be prescribed by the Board of Directors or this Agreement, all in accordance with basic policies as may be established by the Board of Directors.

Section 7.5 Chief Financial Officer. The Chief Financial Officer shall have responsibility for the financial affairs of the Company, including the preparation of financial reports, managing financial risk and overseeing accounting and internal control over financial reporting, subject to the responsibilities of the Audit Committee. The Chief Financial Officer shall also be the Company's chief compliance officer, with responsibility for overseeing and managing compliance issues, including, without limitation, ensuring compliance with regulatory requirements, and internal controls, policies and procedures. In the absence of a Secretary, the Chief Financial Officer shall be responsible for the performance of the duties of Secretary. The Chief Financial Officer shall perform such other duties and have such other powers as may be prescribed by the Board of Directors or this Agreement, all in accordance with basic policies as may be established by the Board of Directors and subject to the oversight of the Board of Directors and the Chief Executive Officer.

Section 7.6 Reserved.

Section 7.7 Secretary. The Secretary shall act as secretary of all meetings of Members and the Board of Directors and any meeting of any committee of the Board of Directors. The Secretary shall prepare and keep or cause to be kept in books provided for such purpose minutes of all meetings of Members and the Board of Directors and any meeting of any committee of the Board of Directors, ensure that all notices are duly given in accordance with the provisions of this Agreement and applicable laws, and perform all duties incident to the office of Secretary and as required by law and such other duties as may be assigned to him or her from time to time by the Board of Directors.

Section 7.8 Resignations. Any officer of the Company may resign at any time upon notice of such resignation to the Company.

Section 7.9 Vacancies. Subject to Section 7.1(b), a newly created office and a vacancy in any office because of death, resignation or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors.

ARTICLE 8

MANAGEMENT

Section 8.1 Duties of the Manager. For so long as the Management Services Agreement is in effect and subject at all times to the oversight of the Board of Directors, the Manager will manage the business of the Company and provide its services to the Company in accordance with the terms and conditions of the Management Services Agreement.

Section 8.2 Secondment of the Chief Executive Officer and Chief Financial Officer. Pursuant to the terms of the Management Services Agreement, the Manager will second to the Company natural Persons to serve as the Chief Executive Officer and Chief Financial Officer. The Chief Executive Officer and the Chief Financial Officer shall report directly to the Board.

Section 8.3 Secondment of Additional Officers. Pursuant to the terms of the Management Services Agreement, the Manager and the Company may agree from time to time that the Manager will second to the Company one or more additional natural Persons to serve as officers of the Company, upon such terms as the Manager and the Company may mutually agree. Any such natural Persons will have such titles and fulfill such functions as the Manager and the Company may mutually agree.

Section 8.4 Status of Seconded Officers and Employees. Any officers or employees of the Manager seconded to the Company pursuant to Section 8.3 shall not be employees of the Company; *provided*, that, except as provided in this Agreement (or as required by the Act), any such seconded officers and employees of the Manager shall have the same fiduciary duties with respect to the Company applicable to officers or similarly situated employees, as the case may be, of a corporation incorporated under the DGCL, as if such officers or employees, as the case may be, were officers or employees, as the case may be, of a corporation incorporated under the DGCL. Except as provided in this Agreement, the parties hereto intend that the fiduciary duties of any such seconded officers and employees of the Manager shall be interpreted consistently with the jurisprudence regarding such fiduciary duties of officers or similarly situated employees, as the case may be, of a corporation under the DGCL. It shall be expressly understood that, to the fullest extent permitted by applicable law, no seconded officer or employee of the Manager owes any duties (fiduciary or otherwise) to the Members or the Company with respect to any action or inaction of the Manager except in accordance with the terms of the Management Services Agreement.

Section 8.5 Removal of Seconded Officers. The Board of Directors shall have the right to remove any officer of the Company at any time, with or without cause; *provided*, *however*, that for so long as the Management Services Agreement is in effect, the Board of Directors may remove officers of the Company seconded by the Manager only pursuant to the terms of the Management Services Agreement.

Section 8.6 Replacement Manager. In the event that the Management Services Agreement is terminated and the Board of Directors determines that a replacement manager should be retained to provide for the management of the Company pursuant to a management or other services agreement, the affirmative vote of a majority of the holders of Trust Interests present in person or represented by proxy at the meeting of Members shall be required to retain such replacement manager.

ARTICLE 9

THE MEMBERS

Section 9.1 Rights or Powers. The Members acting as such shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way. Notwithstanding the foregoing, the Members have all the rights and powers specifically set forth in this Agreement, including, without limitation, those

rights and powers set forth in Article 12 and, to the extent not inconsistent with this Agreement, in the Act.

Section 9.2 Annual Meetings of Members. The annual meeting of the Members of the Company shall be held at such date, at such time and at such place (if any) within or without the State of Delaware as may be fixed by resolution of the Board of Directors. Any other business may be transacted at the annual meeting; *provided*, that it is properly brought before the meeting.

Section 9.3 Special Meetings of Members. Special meetings of the Members of the Company shall be held on such date, at such time and at such place (if any) within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Special meetings of the Members may be called at any time only by the Chairman or by the Board of Directors pursuant to a resolution adopted by the Board of Directors. Business transacted at any special meeting of Members shall be limited to the purposes stated in such notice.

Section 9.4 Place of Meeting. The Board of Directors may designate the place (if any) of meeting for any meeting of the Members. If no designation is made by the Board of Directors, the place of meeting shall be the principal executive office of the Company. In lieu of holding any meeting of Members at a designated place, the Board of Directors may, in its sole discretion, determine that any meeting of Members may be held solely by means of remote communication.

Section 9.5 Notice of Meeting.

(a) A notice of meeting, stating the place (if any), day and hour of the meeting, and the means of remote communication, if any, by which Members and proxy holders may be deemed to be present in person and vote at such meeting, shall be prepared and delivered by the Company not less than twenty (20) days and not more than sixty (60) days before the date of the meeting, either personally, by mail or, to the extent and in the manner permitted by applicable law, electronically, to each Member of record. In the case of special meetings, the notice shall state the purpose or purposes for which such special meeting is called. Such further notice shall be given as may be required by applicable law. Any previously scheduled meeting of the Members may be postponed, and (unless this Agreement otherwise provides) any special meeting of the Members may be canceled, by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of Members. Any notice of meeting given to Members pursuant to this Section 9.5 shall be effective if given by a form of electronic transmission consented to by the Member to whom the notice is given. Any such consent shall be revocable by the Member by written notice to the Company and shall also be deemed revoked if (1) the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent, and (2) such inability becomes known to the Secretary of the Company, the Transfer Agent or other person responsible for the giving of notice; *provided*, that, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(b) Notice to Members shall be given personally, by mail or, to the extent and in the manner permitted by applicable law, electronically to each Member of record. If mailed, such notice shall be delivered by postage prepaid envelope directed to each holder at such

Member's address as it appears in the records of the Company and shall be deemed given when deposited in the United States mail.

(c) In order that the Company may determine the Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) or fewer than twenty (20) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(d) Notice given by electronic transmission pursuant to this subsection shall be deemed given: (1) if by facsimile telecommunication, when directed to a facsimile telecommunication number at which the Member has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the Member has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the Member of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the Member. An affidavit of the Secretary or an assistant Secretary or of the Transfer Agent or other agent of the Company that the notice has been given by personal delivery, mail or a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

Section 9.6 Quorum and Adjournment. Except as otherwise provided by applicable law or by the Certificate or this Agreement, the Members present in person or by proxy holding a majority of each class of the Outstanding LLC Interests entitled to vote hereunder, shall constitute a quorum at a meeting of Members. The Chairman or the holders of a majority of each class of the LLC Interests entitled to vote hereunder so represented may adjourn the meeting from time to time, whether or not there is such a quorum. The Members present at a duly organized meeting at which a quorum is present in person or by proxy may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

When a meeting is adjourned to another time and place, if any, unless otherwise provided by this Agreement, notice need not be given of the reconvened meeting if the date, time and place, if any, thereof and the means of remote communication, if any, by which Members and proxyholders may be deemed to be present in person and vote at such reconvened meeting are announced at the meeting at which the adjournment is taken. If the time, date and place of the reconvened meeting are not announced at the meeting at which the adjournment is taken, then the Secretary of the Company shall give written notice of the time, date and place of the reconvened meeting not less than twenty (20) days prior to the date of the reconvened meeting. At the reconvened meeting, the Members may transact any business that might have been transacted at the original meeting. A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of such meeting; *provided*, *however*, that the Board of Directors may fix a new record date for the reconvened meeting. If an

adjournment is for more than thirty (30) days or if, after an adjournment, a new record date is fixed for the reconvened meeting, a notice of the reconvened meeting shall be given to each Member entitled to vote at the meeting.

Section 9.7 Proxies. For so long as the Trust is the sole holder of Trust Interests, actions by Trust Members required to be taken hereunder will be taken by the Trust pursuant to instructions given to the Trust by the holders of the Trust Shares in accordance with the Trust Agreement or otherwise pursuant to terms set forth in the Trust Agreement. In addition, for so long as the Trust is the sole holder of Trust Interests, the Company shall provide to the Trust, for transmittal to the holders of Trust Shares, the appropriate form of proxy to enable the holders of Trust Shares to direct, in proportion to their percentage ownership of the Trust Shares, the vote of the Trust Member, and the Trust Member shall vote its Trust Interests in the same proportion as the vote of holders of Trust Shares. At all meetings of Members, a Member may vote by proxy as may be permitted by law; *provided*, that no proxy shall be voted after three (3) years from its date unless, in the case of the Trust Member and for so long as the Trust is the sole holder of Trust Interests, the proxy provides for a longer period in accordance with the Trust Agreement. Any proxy to be used at a meeting of Members must be filed with the Secretary of the Company or his or her representative at or before the time of the meeting. A Member may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Company a revocation of the proxy or a new proxy bearing a later date.

Section 9.8 Notice of Member Business and Nominations.

(a) Annual Meetings of Members.

(i) Except in the case of the Initial Board, nominations of individuals for election to the Board of Directors by a Member (other than any Appointed Director, who shall be appointed by the Manager for so long as the Manager is entitled to appoint one or more directors to the Board of Directors pursuant to the terms of this Agreement), and the proposal of business to be considered by the Members, may be made at an annual meeting of Members (A) pursuant to the Company's notice of meeting delivered pursuant to Section 9.5, (B) by or at the direction of the Board of Directors or (C) by any Member of the Company who is entitled to vote at the meeting, who complies with the notice procedures set forth in clauses (ii) and (iii) of this Section 9.8(a).

In addition to any other applicable requirements, for a nomination for election of a director to be made by a Member (other than any Appointed Director, who shall be appointed by the Manager for so long as the Manager is entitled to appoint one or more directors to the Board of Directors pursuant to the terms of this Agreement) or for business to be properly brought before an annual meeting by a Member, such Member must (A) be a Member of record on both (1) the date of the delivery of such nomination or the date of the giving of the notice provided for in this Section 9.8(a) and (2) the record date for the determination of Members entitled to vote at such annual meeting, and (B) have given timely notice thereof in proper written form in accordance with the requirements of this Section 9.8(a) to the Secretary.

(ii) For nominations or other business to be properly brought before an annual meeting by a Member pursuant to Section 9.8(a)(i)(C), the Member must have given timely notice thereof in writing to the Secretary of the Company and, in the case of business other than nominations, such other business must otherwise be a proper matter for Member action. Except to the extent otherwise required by applicable law, to be timely, a Member's notice shall be delivered to the Secretary at the principal executive offices of the Company not less than one hundred and twenty (120) days nor more than one hundred and fifty (150) days prior to the first anniversary of the preceding year's annual meeting; *provided*, *however*, that, in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by a Member must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Company. In the case of the first annual meeting of Members, a Member's notice shall be timely if it is delivered to the Secretary at the principal executive offices of the Company not earlier than the one hundred and twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement or an adjournment or postponement of an annual meeting commence a new time period for the giving of a Member's notice as described in this Section 9.8(a).

Subject to Section 9.8(a)(i), such Member's notice shall set forth: (A) as to each individual whom the Member proposes to nominate for election or reelection as a director, all information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, pursuant to Regulation 14A under the Exchange Act, including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the Member proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration), the reasons for conducting such business at the meeting and any material interest in such business of such Member and the Beneficial Owner or holder of Trust Shares, if any, on whose behalf the proposal is made; and (C) as to the Member giving the notice and the Beneficial Owner, if any, on whose behalf the nomination or proposal is made, (1) the name and address of such Member as they appear on the Company's books and of such Beneficial Owner, (2) the number of, and evidence of such number of, LLC Interests which are owned beneficially and of record by such Member and such Beneficial Owner, (3) a representation that the Member intends to appear in person or by proxy at the meeting to propose such business or nomination, and (4) a representation whether the Member or the Beneficial Owner, if any, intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the LLC Interests required to approve or adopt the proposal or elect the nominee and/or (ii) otherwise to solicit proxies from Members in support of such proposal or nomination. The foregoing notice requirements shall be deemed satisfied by a Member if the Member has notified the Company of the Member's

intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such Member's proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for such annual meeting. The Company may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Company or on any committee of the Board of Directors.

(iii) Notwithstanding anything in the second sentence of clause (ii) of this Section 9.8(a) to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Company at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a Member's notice required by this Section 9.8 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Company.

(b) Special Meeting of Members. Only such business shall be conducted at a special meeting of Members as shall have been brought before the meeting pursuant to the Company's notice of meeting pursuant to Section 9.5. Nominations of individuals for election to the Board of Directors by a Member (other than any Appointed Director, who shall be appointed by the Manager for so long as the Manager is entitled to appoint one or more directors to the Board of Directors pursuant to the terms of this Agreement) may be made at a special meeting of Members at which directors are to be elected pursuant to the Company's notice of meeting (i) by or at the direction of the Board of Directors, or (ii) by any Member who is entitled to vote at the meeting who complies with the notice procedures set forth in this Section 9.8.

In addition to any other applicable requirements, for a nomination for election of a director to be made by a Member, such Member must (A) be a Member of record on both (1) the date of the delivery of such nomination and (2) the record date for the determination of Members entitled to vote at such special meeting, and (B) have given timely notice thereof in proper written form in accordance with the requirements of this Section 9.8(b) to the Secretary.

In the event the Company calls a special meeting of Members for the purpose of electing one or more directors to the Board of Directors, any Member entitled to vote thereon may nominate such number of individuals for election to such position(s) as are specified in the Company's Notice of Meeting, if such Member's notice as required by Section 9.8(a)(ii) shall be delivered to the Secretary at the principal executive offices of the Company not earlier than the one hundred and twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a Member's notice as described above.

(c) General.

(i) Only individuals who are nominated in accordance with the procedures set forth in this Section 9.8 shall be eligible to be considered for election as directors at a meeting of Members and only such business shall be conducted at a meeting of Members as shall have been brought before the meeting in accordance with the procedures set forth in this Section 9.8. Except as otherwise provided by applicable law or this Section 9.8, the Chairman shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 9.8 and, if any proposed nomination or business is not in compliance with this Section 9.8, to declare that such defective proposal or nomination shall be disregarded.

(ii) For purposes of this Section 9.8, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Company with the Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 9.8, a Member shall also comply with all applicable requirements of the Exchange Act, the Rules and Regulations thereunder and the Listing Rules with respect to the matters set forth in this Section 9.8. Nothing in this Section 9.8 shall be deemed to affect any rights of Members to request inclusion of proposals in the Company's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 9.9 Procedure for Election of Directors; Voting. The election of directors submitted to Members at any meeting shall be decided by a plurality of the votes cast by the Members entitled to vote thereon. Except as otherwise provided by applicable law or this Agreement, all matters other than the election of directors submitted to the Members at any meeting shall be decided by the affirmative vote of the holders of a majority of the then Outstanding LLC Interests entitled to vote thereon present in person or represented by proxy at the meeting of Members. The vote on any matter at a meeting, including the election of directors, shall be by written ballot. Each ballot shall be signed by the Member voting, or by such Member's proxy, and shall state the number of LLC Interests voted.

Section 9.10 Inspectors of Elections; Opening and Closing the Polls.

(a) The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors shall not be directors, officers or employees of the Company, to act at the meeting and make a written report thereof. One or more individuals may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been so appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at a meeting of Members, the Chairman shall appoint one or more inspectors to act at the meeting. Each such inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the DGCL as if the Company were a Delaware corporation.

(b) The Chairman shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the Members will vote at the meeting.

Section 9.11 Confidential Member Voting. All proxies, ballots and votes, in each case to the extent they disclose the specific vote of an identified Member, shall be tabulated and certified by an independent tabulator, inspector of elections and/or other independent parties and shall not be disclosed to any director, officer or employee of the Company; *provided*, *however*, that, notwithstanding the foregoing, any and all proxies, ballots and voting tabulations may be disclosed: (a) as necessary to meet legal requirements or to assist in the pursuit or defense of legal action; (b) if the Company concludes in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of any tabulation of such proxies, ballots or votes; (c) in the event of a proxy, consent or other solicitation in opposition to the voting recommendation of the Board of Directors; and (d) if a Member requests or consents to disclosure of such Member's vote or writes comments on such Member's proxy card or ballot.

Section 9.12 Waiver of Notice. Whenever any notice is required to be given to any Member by the terms of this Agreement, a waiver thereof in writing, signed by the Person or Persons entitled to such notice, or a waiver thereof by electronic transmission by the Person or Persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the Members need be specified in any written waiver of notice or any waiver by electronic transmission of such meeting. Notice of any meeting of Members need not be given to any Member if waived by such Member either in a writing signed by such Member or by electronic transmission, whether such waiver is given before or after such meeting is held. If any such waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the Member.

Section 9.13 Remote Communication. For the purposes of this Agreement, if authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, Members and proxyholders may, by means of remote communication:

(a) participate in a meeting of Members; and

(b) to the fullest extent permitted by applicable law, be deemed present in person and vote at a meeting of Members, whether such meeting is to be held at a designated place or solely by means of remote communication;

provided, *however*, that (i) the Company shall implement reasonable measures to verify that each Person deemed present and permitted to vote at the meeting by means of remote communication is a Member or proxyholder, (ii) the Company shall implement reasonable measures to provide such Members and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Members, including an opportunity to read or hear the proceedings of the meeting substantially and concurrently with such proceedings, and (iii) if any

Member or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Company.

Section 9.14 Member Action Without a Meeting. For so long as the Trust remains the sole holder of Trust Interests, the Trust shall take any action required or permitted to be taken at any meeting of Members, by executing a written consent that shall reflect the vote of the holders of Trust Shares as required by the terms of the Trust Agreement, without such meeting, without prior notice, and without a vote. Proxy materials completed by the holders of Trust Shares evidencing the result of a vote taken at a meeting of the holders of Trust Shares with at least the minimum number of votes required to constitute an affirmative vote of the holders of Trust Shares under the Trust Agreement shall be delivered to the Company indicating the vote or action being approved or disapproved by such holders with respect to those matters reserved to the Trust Members of the Company by this Agreement. If the Trust is not the sole owner of the Trust Interests, Members shall take any action required or permitted only at a meeting of Members duly called and noticed, and shall not be entitled to take any action by written consent.

Section 9.15 Return on Capital Contribution. Except as otherwise provided in Article 14, no Member shall demand a return on or of its Capital Contributions.

Section 9.16 Member Compensation. No Member shall receive any interest, salary or draw with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Company, or otherwise, in its capacity as a Member, except as otherwise provided in this Agreement or in the Management Services Agreement.

Section 9.17 Member Liability. Except as required by the Act, no Member shall be liable under a judgment, decree or order of a court, or in any other manner, for the Debts or any other obligations or liabilities of the Company. A Member shall be liable only to make its Capital Contributions and shall not be required to restore a deficit balance in its Capital Account or to lend any funds to the Company or, after its Capital Contributions have been made, to make any additional contributions, assessments or payments to the Company; *provided*, *however*, that a Member may be required to repay any distribution made to it in contravention of Section 5.3 or Sections 18-607 or 18-804 of the Act. The Manager shall not have any personal liability for the repayment of any Capital Contributions of any Member.

ARTICLE 10

MEMBER VOTE REQUIRED IN CONNECTION WITH CERTAIN BUSINESS COMBINATIONS OR TRANSACTIONS

Section 10.1 Vote Generally Required. Except as provided in Sections 2.3 and 2.4 and subject to the provisions of Section 10.2, the Company shall not (a) merge or consolidate with or into any limited liability company, corporation, statutory trust, business trust or association, real estate investment trust, common-law trust or any other unincorporated business, including a partnership, or (b) sell, lease or exchange all or substantially all of its Property and assets, unless the Board of Directors shall adopt a resolution, by the affirmative vote of at least a majority of the Entire Board of Directors, approving such action and unless such action shall be approved by

the affirmative vote of the holders of a majority of each class of LLC Interests, in each case, Outstanding and entitled to vote thereon. The notice of the meeting at which such resolution is to be considered will so state.

Section 10.2 Vote for Business Combinations. The affirmative vote of the holders of record of at least sixty-six and two-thirds percent (66 2/3%) of each class of LLC Interests then Outstanding (excluding LLC Interests Beneficially Owned by the Interested Shareholder or any Affiliate or Associate of the Interested Shareholder) shall be required to approve any Business Combination. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by applicable law or in any agreement with any securities exchange or otherwise.

Section 10.3 Power of Continuing Directors. The Continuing Directors shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article 10, including, without limitation, (a) whether a Person is an Interested Shareholder, (b) the number of Trust Interests of the Company beneficially owned by any Person, (c) whether a Person is an Affiliate or Associate of another, and (d) the Fair Market Value of the equity securities of the Company or any Subsidiary thereof, and the good faith determination of the Continuing Directors on such matters shall be conclusive and binding for all the purposes of this Article 10.

Section 10.4 No Effect on Fiduciary Obligations. Nothing contained in this Article shall be construed to relieve the directors of the Board of Directors or an Interested Shareholder from any fiduciary obligation imposed by applicable law.

ARTICLE 11

BOOKS AND RECORDS

Section 11.1 Books and Records; Inspection by Members.

(a) The Company, other than as provided in the Management Services Agreement, shall keep or cause to be kept at its principal executive office appropriate books and records with respect to the Company's business, including, without limitation, all books and records necessary to provide to the Members any information, lists and copies of documents required to be provided pursuant to applicable law. Any books and records maintained by or on behalf of the Company in the regular course of its business, including, without limitation, the record of the Members, books of account and records of Company proceedings, may be kept in electronic or any other form; *provided*, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time.

(b) The Secretary shall make, at least ten (10) days before every meeting of Trust Members, a complete list of the Trust Members entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each Trust Member and the number of Trust Interests registered in the name of each Trust Member. Such list shall be open to the examination of any Trust Member, for any purpose germane to the meeting for a period of at least ten (10)

days prior to the meeting: (i) on a reasonably accessible electronic network; *provided*, that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Company. In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to Members. The list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Member who is present.

(c) Any Member or Beneficial Owner, in person or by attorney or other agent, shall, upon written demand stating the purpose thereof, have the right during the usual business hours to inspect for any proper purpose, and to make copies and extracts from the Register, a list of the Members, and its other books and records; *provided*, that as of the date of the making of the demand inspection of such books and records would not constitute a breach of any confidentiality agreement. In every instance where a person purports to be a Beneficial Owner of LLC Interests but who is not the holder of record as identified on the Register, the demand shall state such Person's status as a Beneficial Owner of LLC Interests, be accompanied by documentary evidence of beneficial ownership of LLC Interests, and state that such documentary evidence is a true and correct copy of what it purports to be. A proper purpose shall mean a purpose reasonably related to such Person's interest as a Member or Beneficial Owner of LLC Interests.

Section 11.2 Reports.

(a) In General. The Chief Financial Officer of the Company shall be responsible for causing the preparation of financial reports of the Company and the coordination of financial matters of the Company with the Company's accountants.

(b) Periodic and Other Reports. The Company shall cause to be delivered to each Member the financial statements listed in clauses (i) and (ii) below, prepared in each case (other than with respect to Members' Capital Accounts, which shall be prepared in accordance with this Agreement) in accordance with GAAP consistently applied (and, if required by any Member or its controlled Affiliates for purposes of reporting thereunder, Regulation S-X of the Exchange Act). The monthly and quarterly financial statements referred to in clause (ii) below may be subject to normal year-end audit adjustments.

(i) As soon as practicable following the end of each Fiscal Year (and in any event not later than the date on which the Rules and Regulations provide) and at such time as distributions are made to the Members pursuant to Article 14 following the occurrence of a Dissolution Event, a balance sheet of the Company as of the end of such Fiscal Year and the related statements of operations, Members' Capital Accounts and changes therein, and cash flows for such Fiscal Year, together with appropriate notes to such financial statements and supporting schedules, all of which shall be audited and certified by the Company's accountants, and in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year end (in the case of the balance sheet) and the two (2) immediately preceding Fiscal Years (in the case of the statements); and

(ii) As soon as practicable following the end of each of the first three Fiscal Quarters of each Fiscal Year (and in any event not later than the date on which the Rules and Regulations require), a balance sheet of the Company as of the end of such Fiscal Quarter and the related statements of operations and cash flows for such Fiscal Quarter and for the Fiscal Year to date, in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the prior Fiscal Year's Fiscal Quarter and the interim period corresponding to the Fiscal Quarter and the interim period just completed.

The quarterly statements described in clause (ii) above shall be accompanied by such written certifications as the Rules and Regulations require.

Section 11.3 Preparation of Tax Returns. The Company shall arrange for the preparation and timely filing of all returns of Company income, gains, deductions, losses and other items required of the Company for U.S. federal and state income tax purposes. The classification, realization and recognition of income, gains, deductions, losses and other items shall be on the accrual method of accounting for U.S. federal income tax purposes. The taxable year of the Company shall be the calendar year.

Section 11.4 Tax Elections.

(a) The Board of Directors shall, without any further consent of the Members being required (except as specifically required herein), make (i) the election to adjust the basis of Property pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state, local or foreign law, in connection with Transfers of LLC Interests and Company distributions; and (ii) any and all other elections for U.S. federal, state, local and foreign tax purposes, including, without limitation, any election, if permitted by applicable law: (x) to extend the statute of limitations for assessment of tax deficiencies against the Members with respect to adjustments to the Company's U.S. federal, state, local or foreign tax returns; and (y) to the extent provided in Code Sections 6221 through 6231 and similar provisions of U.S. federal, state, local or foreign law, to represent the Company and the Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company or the Members in their capacities as Members, and to file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members. The Manager is specifically authorized to act as the ***"Tax Matters Member"*** under the Code and in any similar capacity under state or local law.

(b) In circumstances where the Trust has been dissolved, the Board of Directors may, by the affirmative vote of at least a majority of the Entire Board of Directors, and without any further consent of the Members being required, cause the Company to elect to be treated as a corporation for U.S. federal income tax purposes; *provided*, *however*, that such action shall be taken only if (i) the Board of Directors first obtains an opinion from a nationally recognized financial advisor to the effect that it expects the market valuation of the Company to be significantly lower as a result of the Company continuing to be treated as a partnership for U.S. federal income tax purposes than if the Company instead elected to be treated as a corporation for U.S. federal income tax purposes and (ii) the effective date for such election is no

earlier than the date on which the Trust has been dissolved pursuant to clause (i) of Section 10.02 of the Trust Agreement.

Section 11.5 Tax Information. Necessary tax information shall be delivered to each Member as soon as practicable after the end of the Fiscal Year of the Company but not later than February 15.

ARTICLE 12

AMENDMENTS

The Board of Directors is authorized to amend the terms of this Agreement by resolution adopted by the affirmative vote of a majority of the Entire Board of Directors; *provided*, *however*, that Sections 1.3, 2.4, 2.5, 3.1(a), 5.1, 8.6, 14.1(i) or (ii), Article 10 and this Article 12 may not be amended without the affirmative vote of Trust Members holding a majority of the Trust Interests present in person or represented by proxy at a meeting of Trust Members; *provided*, *further*, *however*, that Sections 5.1, 5.2, 6.1 , 6.4 (excluding provisions relating to classification of the Board of Directors), 6.5 (solely with respect to the provision relating to an Appointed Director), 6.6 (solely with respect to the Allocation Member's right to remove an Appointed Director), 6.8 (solely with respect to the provision relating to an Appointed Director), 6.9 (solely with respect to the provision relating to the initial Chairman), 6.12 (solely with respect to the Chief Executive Officer's right to call special meetings of the Board of Directors), 6.17, 6.22, 6.23, Article 10 and this Article 12, and any other amendment that would adversely affect the rights of the Allocation Member may not be amended without the prior written consent of the Allocation Member. Notwithstanding anything to the contrary contained in this Agreement, the Board of Directors is authorized by resolution adopted by the affirmative vote of a majority of the Entire Board of Directors to (x) amend, modify or supplement this Agreement to correct any administrative or ministerial error or omission contained in this Agreement or to clarify, or to correct any error in, the calculation of the Profit Distribution Amount consistent with the intent of the Company and the Allocation Member, as determined by the Board of Directors and the Allocation Member in their sole discretion and (y) without limiting the generality of the foregoing provisions of this Article 12, amend, modify or supplement the provisions of Section 6.18 (relating to committees of the Board) from time to time.

ARTICLE 13

TRANSFERS; MONTHLY ALLOCATIONS

Profits, Losses, each item thereof and all other items attributable to LLC Interests for any Allocation Year shall, for U.S. federal income tax purposes, be determined on an annual basis and prorated on a monthly basis and the pro rata portion for each month shall be allocated to those Persons who are Members as of the close of the Nasdaq National Market on the last day of the preceding month. With respect to any LLC Interest that was not treated as Outstanding as

of the close of the Nasdaq National Market on the last day of the preceding month, the first Person who is treated as the Member with respect to such LLC Interest will be treated as the Member with respect to such LLC Interest for this purpose as of the close of the Nasdaq National Market on the last day of the preceding month. All distributions having a record date on or before the date of a Transfer of LLC Interests shall be made to the transferor, and all distributions having a record date thereafter shall be made to the transferee. The Board of Directors may revise, alter or otherwise modify such methods of allocation as it determines necessary, to the extent permitted or required by Code Section 706 and the Regulations or rulings promulgated thereunder.

ARTICLE 14

DISSOLUTION AND WINDING UP

Section 14.1 Dissolution Events. The Company shall dissolve and shall commence winding up upon the first to occur of any of the following (each a ***"Dissolution Event"***):

(i) the Board of Directors adopts a resolution, by the affirmative vote of at least a majority of the Entire Board of Directors, approving the dissolution, winding up and liquidation of the Company and such action has been approved by the affirmative vote of the holders of a majority of the Outstanding Trust Interests and entitled to vote thereon;

(ii) the unanimous vote of the Trust Members to dissolve, wind up and liquidate the Company;

(iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act; or

(iv) upon the termination of the legal existence of the last remaining Member or the occurrence of any other event that terminates the continued membership of the last remaining Member unless the Company is continued without dissolution in a manner permitted by this Agreement or the Act.

The Members hereby agree that, notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Dissolution Event.

Section 14.2 Winding Up. Upon the occurrence of a Dissolution Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members, and no Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs; *provided*, *however*, that all covenants contained in this Agreement and obligations provided for in this Agreement shall continue to be fully binding upon the Members until such time as the Property has been distributed pursuant to this Section 14.2 and the Certificate has been canceled pursuant to the Act. The Liquidator shall be responsible for overseeing the winding up of the Company, which winding up shall be completed

no later than ninety (90) days after the later of the occurrence of the Dissolution Event. The Liquidator shall take full account of the Company's liabilities and Property and shall cause the Property or the proceeds from the sale thereof (as determined pursuant to Section 14.9), to the extent sufficient therefor, to be applied and distributed, to the maximum extent permitted by law, in the following order:

(a) First, to creditors (including the Manager and the Members who are creditors, to the extent otherwise permitted by law) in satisfaction of all of the Company's Debts and other liabilities (whether by payment or the making of reasonable provision for payment thereof), other than liabilities for distributions to Members under Section 18-601 or 18-604 of the Act;

(b) Second, except as provided in this Agreement, to Members and former Members of the Company in satisfaction of liabilities for distributions under Section 18-601 or 18-604 of the Act; and

(c) The balance, if any, to the Members in accordance with the positive balance in their Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods.

Notwithstanding Section 14.9, no Member or Manager shall receive additional compensation for any services performed pursuant to this Article 14.

Section 14.3 Compliance with Certain Requirements of Regulations; Deficit Capital Accounts. In the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article 14 to the Members who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Member has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all Allocation Years, including the Allocation Year during which such liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Members pursuant to this Article 14 may be:

(a) Distributed to a trust established for the benefit of the Members for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent, conditional or unmatured liabilities or obligations of the Company; the assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to Section 14.2; or

(b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company; *provided*, *however*, that such withheld amounts shall be distributed to the Members as soon as practicable.

Section 14.4 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Article 14, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Dissolution Event has occurred, the Property shall not be liquidated, the Company's Debts and other Liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, solely for U.S. federal income tax purposes, the Company shall be deemed to have contributed all its Property and liabilities to a new limited liability company in exchange for interests in such new company and, immediately thereafter, the Company will be deemed to liquidate by distributing interests in the new company to the Members.

Section 14.5 Rights of Members. Except as otherwise provided in this Agreement, each Member shall look solely to the Property of the Company for the return of its Capital Contribution and has no right or power to demand or receive Property other than cash from the Company. If the assets of the Company remaining after payment or discharge of the debts or liabilities of the Company are insufficient to return such Capital Contribution, the Members shall have no recourse against the Company or any other Member or the Manager.

Section 14.6 Notice of Dissolution/Termination.

(a) In the event a Dissolution Event occurs or an event occurs that would, but for the provisions of Section 14.1, result in a dissolution of the Company, the Board of Directors shall, within thirty (30) days thereafter, provide written notice thereof to each of the Members and to all other parties with whom the Company regularly conducts business (as determined in the discretion of the Board of Directors) and shall publish notice thereof in a newspaper of general circulation in each place in which the Company regularly conducts business (as determined in the discretion of the Board of Directors).

(b) Upon completion of the distribution of the Company's Property as provided in this Article 14, the Board of Directors shall cause the filing of the Certificate of Cancellation pursuant to Section 18-203 of the Act and shall take all such other actions as may be necessary to terminate the Company.

Section 14.7 Allocations During Period of Liquidation. During the period commencing on the first day of the Fiscal Year during which a Dissolution Event occurs and ending on the date on which all of the assets of the Company have been distributed to the Members pursuant to Section 14.2 (the ***"Liquidation Period"***), the Members shall continue to share Profits, Losses, gain, loss and other items of Company income, gain, loss or deduction in the manner provided in Article 4.

Section 14.8 Character of Liquidating Distributions. All payments made in liquidation of the interest of a Member in the Company shall be made in exchange for the interest of such Member in Property pursuant to Section 736(b)(1) of the Code, including the interest of such Member in Company goodwill.

Section 14.9 The Liquidator.

(a) Fees. Subject to Section 14.2, the Company is authorized to pay a reasonable fee to the Liquidator for its services performed pursuant to this Article 14 and to

reimburse the Liquidator for its reasonable costs and expenses incurred in performing those services.

(b) Indemnification. The Company shall indemnify, hold harmless and pay all judgments and claims against the Liquidator or any officers, directors, agents or employees of the Liquidator relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Liquidator or any officers, directors, agents or employees of the Liquidator in connection with the liquidation of the Company, including reasonable attorneys' fees incurred by the Liquidator, officer, director, agent or employee in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, except to the extent such liability or damage is caused by the fraud or intentional misconduct of, or a knowing violation of the laws by, the Liquidator which was material to the cause of action.

Section 14.10 Form of Liquidating Distributions. For purposes of making distributions required by Section 14.2, the Liquidator may determine whether to distribute all or any portion of the Property in kind or to sell all or any portion of the Property and distribute the proceeds therefrom.

ARTICLE 15

MISCELLANEOUS

Section 15.1 Notices. Subject to Sections 6.11, 6.13, 9.5 and 9.8, any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and delivered personally, or, when the same is actually received, if sent either by registered or certified mail, postage and charges prepaid, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent promptly thereafter by registered or certified mail, postage and charges prepaid, addressed as follows, or to such other address as such Person may from time to time specify by notice to the Members and the Manager:

(a) If to the Company:

61 Wilton Road
Westport CT 06880
Attention: I. Joseph Massoud
Facsimile No.: (212) 581-8037

(b) If to the Allocation Members:

61 Wilton Road
Westport CT 06880
Attention: I. Joseph Massoud
Facsimile No.: (212) 581-8037

(c) If to the Trust Members:

61 Wilton Road
Westport CT 06880
Attention: I. Joseph Massoud
Facsimile No.: (212) 581-8037

Section 15.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective successors, transferees and assigns.

Section 15.3 Construction. It is the intent of the parties hereto that every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member.

Section 15.4 Time. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included, but the time shall begin to run on the next succeeding day. The last day of the period so computed shall be included, unless it is a Saturday, Sunday or any other day on which banks in The City of New York are required or authorized by law or executive order to close, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or any other day on which banks in The City of New York are required or authorized by law or executive order to close.

Section 15.5 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

Section 15.6 Severability. Except as otherwise provided in the succeeding sentence, every provision of this Agreement is intended to be severable, and, if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement. The preceding sentence of this Section 15.6 shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any Member to lose the material benefit of its economic bargain.

Section 15.7 Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is not incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

Section 15.8 Variation of Terms. All terms and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

Section 15.9 Governing Law and Consent to Jurisdiction/Service of Process. The laws of the State of Delaware shall govern this Agreement, including the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties arising hereunder.

Each party hereto and any Person acquiring an LLC Interest, from time to time, (i) irrevocably submits to the non-exclusive jurisdiction and venue of any Delaware state court or U.S. federal court sitting in Wilmington, Delaware in any action arising out of this Agreement and (ii) consents to the service of process by mail. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

Section 15.10 Waiver of Jury Trial. Each of the Members irrevocably waives, to the extent permitted by law, all rights to trial by jury and all rights to immunity by sovereignty or otherwise in any action, proceeding or counterclaim arising out of or relating to this Agreement.

Section 15.11 Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

Section 15.12 Specific Performance. Each Member agrees with the other Members that the other Members would be irreparably damaged if any of the provisions of this Agreement were not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the nonbreaching Members may be entitled, at law or in equity, the nonbreaching Members shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement and specifically to enforce the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction thereof.

— Signature page follows —

IN WITNESS WHEREOF, the Members have executed and entered into this Second Amended and Restated Operating Agreement of the Company as of the day first above set forth.

COMPASS DIVERSIFIED TRUST

By: /s/
Name:
Title: Regular Trustee

COMPASS GROUP MANAGEMENT LLC

By: /s/
Name:

EXHIBIT A

SPECIMEN LLC INTEREST CERTIFICATE

COMPASS GROUP DIVERSIFIED HOLDINGS LLC INTEREST

_____* This Certifies that _____is the owner of _____ _____ Trust Interests or _____ Allocation Interests of Compass Group Diversified Holdings LLC, a Delaware limited liability company (the "Company"), with such rights and privileges as are set forth in the Amended and Restated Operating Agreement of the Company dated as of April 25, 2006 (the "Agreement"), as it may be amended from time to time.

THE LLC INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT"), THE SECURITIES LAWS OF ANY STATE (THE "STATE ACTS") OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURIITES ACT AND SUCH LAWS. THE LLC INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISION, BY AN STATE SECURITIES COMMISSION OR BY ANY OTHER REGULATORY AUTHORITY OF ANY OTHER JURISDICTION. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE LLC INTERESTS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TRANSFER RESTRICTIONS CONTAINED IN THE AGREEMENT. EVERY HOLDER OF THIS CERTIFICATE, BY HOLDING AND RECEIVING THE SAME, AGREES WITH THE COMPANY TO BE BOUND BY THE TERMS OF THE AGREEMENT. THE AGREEMENT WILL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON REQUEST WITHOUT CHARGE.

_____ In Witness Whereof, said Company has caused this Certificate to be signed by its Chief Executive Officer this ___day of ___, A.D. ___.

_____,

Exhibit 99.1

COMPASS DIVERSIFIED TRUST
Jim Bottiglieri
Chief Financial Officer
203.221.1703
jim@compassequity.com

Investor Relations Contact:
KCSA Worldwide
Jeffrey Goldberger / Garth Russell
212.896.1249 / 212.896.1250
jgoldberger@kcsa.com / grussell@kcsa.com

Compass Diversified Trust Sells Crosman Acquisition Corporation to
Wachovia Capital Partners

WESTPORT, CT. January 8, 2007 – Compass Diversified Trust (NASDAQ: CODI) and Compass Group Diversified Holdings LLC (collectively, the "Company" or "CODI") announced today that on Friday January 5, 2007, CODI simultaneously entered into a definitive agreement to sell and consummated the sale of its subsidiary, Crosman Acquisition Corporation ("Crosman"), to an affiliate of Wachovia Capital Partners for a total enterprise value of approximately $143 million. CODI's share of the proceeds, after accounting for Crosman's minority holders and our manager's profit allocation, was approximately $110 million. This amount was in respect of CODI's debt and equity interests in Crosman. Crosman was acquired by CODI on May 16, 2006, utilizing proceeds from CODI's initial public offering.

Commenting on the transaction, I. Joseph Massoud, the Company's CEO, said, "While we are sad to be ending our ownership of Crosman and our professional relationship with the outstanding management team there, we consider the opportunity to divest our interest in Crosman at this value to be extremely attractive for our shareholders, and are pleased to have achieved this magnitude of gain in a relatively short time since CODI's acquisition of Crosman concurrent with our initial public offering in May of 2006. We wish Crosman's management and Wachovia Capital Partners great success going forward.

We do not expect the sale of Crosman and the resultant use of proceeds to have a material impact on the Company's cash available for distribution and, in the long term, fully expect the additional growth capacity provided from these proceeds to be beneficial to our shareholders."

$85 million of the proceeds from the sale were utilized to repay debt under CODI's revolving credit facility. Availability under this credit facility enables the company to pursue additional platform and add-on acquisitions, as well as provides working capital capacity for the Company and its subsidiaries.

This divestiture creates a gain for CODI of between $28 million and $30 million, after allocation of profits to Compass Group Management LLC pursuant to the CODI's profit allocation formula and payment of all third party expenses. For tax purposes, the gain on this transaction will be recognizable by shareholders of record on January 5, 2007. Harris Williams & Co. and Squire, Sanders & Dempsey LLP represented Crosman and CODI, respectively, in the transaction. Additional details on the transaction will be available on the Company's Form 8-K that will be filed with the Securities and Exchange Commission by January 10, 2007.

About Compass Diversified Trust

CODI was formed to acquire and manage a group of profitable middle market businesses that are headquartered in North America. CODI provides public investors with an opportunity to participate in the ownership and growth of companies which have historically been owned by private equity firms or wealthy individuals or families. CODI's disciplined approach to its target market provides opportunities to methodically purchase attractive businesses at values that are accretive to its shareholders. For sellers of businesses, CODI's' unique structure allows CODI to acquire businesses efficiently with no financing contingencies and, following acquisition, to provide its companies with substantial access to growth capital.

Upon acquisition, CODI works with the executive teams of its subsidiary companies to identify and capitalize on opportunities to grow those companies' earnings and cash flows. These cash flows support distributions to CODI shareholders, which are intended to be steady and growing over the long term.

Subsidiary Businesses

- CBS Personnel Holdings, Inc. and its consolidated subsidiaries, referred to as CBS Personnel, is a provider of temporary staffing services in the United States. CBS Personnel is headquartered in Cincinnati, OH, operates 147 branch locations in 17 states and was founded in 1970. The company is one of the largest commercial staffing companies in the nation.
- Compass AC Holdings, Inc. and its consolidated subsidiary, referred to as Advanced Circuits, is a manufacturer of low-volume quick-turn and prototype rigid printed circuit boards ("PCBs"). The Company is based in Aurora, CO and was founded in 1989.
- Silvue Technologies Group, Inc. and its consolidated subsidiaries, referred to as Silvue, is a developer and manufacturer of proprietary, high-performance coating systems for polycarbonate, glass, acrylic, metals and other substrate materials used in the premium eyewear, aerospace, automotive and industrial markets. Silvue is based in Anaheim, CA and was founded in 1986.

• Anodyne Medical Device, Inc. and its consolidated subsidiaries, referred to as AMD, is a leading manufacturer of medical support surfaces and patient positioning devices, primarily used for the prevention and treatment of pressure wounds experienced by patients with limited or no mobility. AMD is based in Los Angeles, CA and was founded in 2005.

To find out more about Compass Diversified Trust, please visit www.compassdiversifiedtrust.com.

About Wachovia Capital Partners

Wachovia Capital Partners is the Principal Investing arm of Wachovia Corporation, the nation's fourth largest financial holding company. With a current portfolio of over $2 billion of invested and committed capital under management, Wachovia Capital Partners targets equity and mezzanine investments of $10 to $50 million in the growth industrial, business services, consumer products, retail, financial services, media and communications, healthcare, and energy sectors. For more information on Wachovia Capital Partners, visit Wachovia Capital Partners' website at www.wachoviacapitalpartners.com.

About Crosman

Crosman, headquartered in East Bloomfield, NY and originally founded in 1923, is a leading manufacturer of recreational airguns and related products. Crosman markets a full line of air rifles, air pistols, airgun consumables and accessories, soft air guns and accessories, paintball markers, paintballs, paintball accessories and related products under the Crosman-owned and trademarked Crosman ®, Benjamin Sheridan ®, Copperhead ®, Game Face ® and Crosman Soft Air brand names and under the Remington ™, and Walther ™ brands through licensing or distribution agreements. To learn more about Crosman, please visit www.crosman.com.

This press release may contain certain forward-looking statements, including statements with regard to the future performance of the Trust. 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 10Qs filed by CODI with the Securities and Exchange Commission for the quarters ended March 31,2006 and June 30, 2006 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.

Exhibit 99.2

The pro-forma condensed consolidated balance sheet of Compass Diversified Trust ("CODI) as of September 30, 2006 reflects the financial position of CODI after giving effect to the disposition of Crosman Acquisition Corporation ("the Disposition") and the use of proceeds to repay amounts borrowed under CODI's revolving credit facility (the "Use of Disposition Proceeds") and assumes the disposition of Crosman Acquisition Corporation ("Crosman") took place on September 30, 2006.

The pro-forma condensed consolidated statement of operations for the period ended September 30, 2006 assumes the Disposition and Use of Disposition Proceeds took place on May 16, 2006 and is based on the operations of CODI for the nine months ended September 30, 2006.

The pro-forma condensed consolidated financial statements have been prepared by CODI based upon assumptions deemed appropriate by it. These statements are not necessarily indicative of the future financial position or results of operations, or actual results that would have occurred had the transaction been in effect as of the dates presented. The pro-forma condensed consolidated financial statements of CODI do not reflect the refinancing of CODI's bank credit facilities on November 21, 2006. The unaudited pro-forma consolidated financial statements should be read in conjunction with the CODI's financial statements and related notes as reported in its Quarterly report on form 10-Q filed November 9, 2006.

F-1 Pro-forma Consolidated Balance Sheet at September 30, 2006

F-2 Pro-forma Consolidated Statement of Operations for the nine-month ended September 30, 2006 (Includes Crosman's results of operations beginning May 16, 2006 through September 30, 2006)

F-3 Explanatory notes to pro-forma condensed consolidated financial statements

UNAUDITED PRO FORMA FINANCIAL INFORMATION
COMPASS DIVERSIFIED TRUST
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands)	Historical Sept. 30, 2006	Subtract: Crosman Segment	Pro Forma Adjustments	Pro Forma Sept. 30, 2006
ASSETS				
Current assets				
Cash and cash equivalents	$ 13,049	$ 183	$ 44,929(a)	$ 57,795
Receivables, net of allowance	91,142	19,224	—	71,918
Inventories	22,162	18,372	—	3,790
Prepaid expenses and other current assets	10,140	3,396	—	6,744
Current assets of discontinued operations	542	—	—	542
Total current assets	137,035	41,175	44,929	140,789
Property and equipment, net	22,110	12,273	—	9,837
Goodwill	189,448	30,212	—	159,236
Intangibles, net	143,678	19,016	—	124,662
Deferred debt issuance costs, net	5,834	—	—	5,834
Other non-current assets	12,401	3,507	—	8,894
Assets of discontinued operations	466	—	—	466
Total assets	$ 510,972	$ 106,183	$ 44,929	$ 449,718
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Accounts payable and accrued expenses	$ 65,074	$ 15,061	$ (795)(d)	$ 49,218
Distribution payable	5,368	—	—	5,368
Due to related party	531	—	4,238(b)	4,769
Working capital facility	11,697	—	(9,500)(c)	2,197
Current liabilities of discontinued operations	625	—	—	625
Total current liabilities	83,295	15,061	(6,057)	62,177
Supplemental put obligation	8,016	—	—	8,016
Long-term debt	60,000	—	(60,000)(c)	—
Deferred income taxes	42,842	5,820	—	37,022
Other non-current liabilities	17,544	711	—	16,833
Total liabilities	211,697	21,592	(66,057)	124,048
Minority interests	25,956	6,507	—	19,449
Stockholders' equity	273,319	78,084	110,986(e)	306,221
Total liabilities and stockholders' equity	$ 510,972	$ 106,183	$ 44,929	$ 449,718

UNAUDITED PRO FORMA FINANCIAL INFORMATION
COMPASS DIVERSIFIED TRUST
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED SEPTEMBER 30, 2006

(in thousands, except per unit data)	Historical Sept. 30, 2006	Subtract: Crosman	Pro Forma Adjustments	Pro Forma Sept. 30, 2006
Net sales:	$ 278,520	$ 39,253	$	$ 239,267
Cost of sales	209,752	27,559	—	182,193
Gross profit	68,768	11,694	—	57,074
Operating expenses:				
Staffing expense	20,439	—	—	20,439
Selling, general and administrative expenses	23,911	4,706	—	19,205
Supplemental put expense	8,016	—	—	8,016
Fees to Manager	2,814	241	—	2,573
Research and development expense	1,553	—	—	1,553
Amortization expenses	4,156	185	—	3,971
Operating income	7,879	6,562	—	1,317
Other income (expense):				
Interest income	447	29	—	418
Interest expense	(3,414)	(2)	3,383(f)	(29)
Amortization of debt issuance costs	(479)	—	—	(479)
Other income (expense), net	594	195	(2,400)(e)	(2001)
Income from continuing operations before income taxes and minority interests	5,027	6,784	983	(774)
Income tax expense	(5,163)	(1,759)	—	(3,404)
Minority interests	(1,896)	—	804(g)	(1,092)
Gain (loss) from continuing operations	$ (2,032)	$ 5,025	$ 1,787	$ (5,270)
Basic and diluted loss from continuing operations per share	$ (0.20)	$ 0.50	$ 0.18	$ (0.52)
Basic weighted average number of shares outstanding – basic and fully diluted	10,031	10,031	10,031	10,031

Explanatory Notes:

(a) As a result of the Disposition and Use of Disposition Proceeds, cash increases by $44.9 million. The components of the change is as follows:

(in thousands)	
Net Change in Cash	
Estimated proceeds from the sale of Crosman after minority interest	$ 117,624
Repayment of outstanding term loan	(50,000)
Repayment of outstanding delayed draw term loan	(10,000)
Repayment of revolving credit facility	(9,500)
Term loans prepayment penalty	(2,400)
Accrued interest	(795)
Net change in cash	$ 44,929

(b) Represents accrual of CGM's profit allocation from the sale of Crosman.

(c) Represents the repayment of the outstanding term loans and revolving credit facility at CODI.

(d) Represents the elimination of accrued interest on the term loans and revolving credit facility.

(e) As a result of the Disposition and Use of Disposition Proceeds, stockholders' equity increases by $29.3 million. The components of the change is as follows:

(in thousands)	
Sale of Crosman	
Estimated proceeds from the sale before allocation	$ 117,624
Net assets sold	(78,084)
CGM profit allocation	(4,238)
Pro-forma gain on sale of Crosman	35,302
Deduct:	
Term loans prepayment penalty	(2,400)
Net change in Stockholders' equity and minority interest	$ 32,902

(f) Reflects the elimination of consolidated interest expense of $3.4 million due to the Use of Disposition Proceeds to retire debt, (see (c) above.

(g) Represents the minority interest in Crosman's income from operations during the period.