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**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): August 31, 2007**

**COMPASS DIVERSIFIED TRUST**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**0-51937**

(Commission File Number)

**57-6218917**

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

**COMPASS GROUP DIVERSIFIED  
HOLDINGS LLC**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**0-51938**

(Commission File Number)

**20-3812051**

(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 8.01 Acquisition of New Businesses**

Compass Group Diversified Holdings LLC (the “Company”) and Compass Group Diversified Trust (the “Trust” and, together with the Company, collectively “CODI,” “us” or “we”) acquires and manages small to middle market businesses in the ordinary course of its business. The following description relates to the recent acquisition of one such business.

### ***American Furniture Manufacturing, Inc.***

On August 31, 2007, AFM Holding Corporation (the “Buyer”), a subsidiary of the Company, entered into a Stock Purchase Agreement with AFM Holdings LLC (“Seller”), the sole stockholder of American Furniture Manufacturing, Inc. (“AFM”), to purchase, and consummated the purchase of, all of the issued and outstanding capital stock of AFM.

The Buyer paid an aggregate of approximately \$92.5 million in cash for the AFM stock plus approximately \$3.0 million for an estimated working capital adjustment. Transaction expenses were approximately \$1.8 million. The cash consideration and transaction expenses were funded by the Company through available cash and a drawing on the Company’s existing revolving credit facility of approximately \$30.0 million. AFM’s management and an affiliate of CODI’s lender invested in the transaction alongside CODI. The Company owns approximately 93.9% of AFM’s initial equity.

Founded in 1998 and based in Ecru, Mississippi, AFM is a leading domestic manufacturer of upholstered furniture for the promotional segment of the marketplace. AFM offers a complete product line that includes stationary and motion sofas, loveseats, sectionals, recliners, chairs and complimentary accent tables. AFM had revenue of approximately \$165.0 million for its fiscal year ended December 31, 2006.

Concurrent with the closing of the Buyer’s acquisition of AFM, the Company provided a credit facility to the Buyer, as co-borrower and AFM, as borrower, which funded, in part, the Buyer’s purchase of the AFM stock from Seller and made available to AFM a secured revolving loan commitment and secured term loans. The initial amount outstanding under these facilities at the close of this transaction was approximately \$70.0 million. The loans to AFM are secured by security interests in all of the assets of AFM and the pledge of the equity interests in AFM’s subsidiary. In addition to being similar to the terms and conditions of the credit facilities in place with our existing businesses, the Company believes that the terms of the loans are fair and reasonable given the leverage and risk profile of AFM.

Compass Group Management LLC, our manager, acted as an advisor to the Company in the transaction for which it received fees and expense payments totaling approximately \$0.9 million.

## **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

99.1 Press Release of the Company dated September 4, 2007 announcing the purchase of the AFM stock.

**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: September 4, 2007

COMPASS DIVERSIFIED TRUST

By: /s/ James J. Bottiglieri

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: September 4, 2007

COMPASS GROUP DIVERSIFIED  
HOLDINGS LLC

By: /s/ James J. Bottiglieri

James J. Bottiglieri  
*Chief Financial Officer*

## INDEX TO EXHIBITS

Exhibit No.

99.1 Press Release of the Company dated September 4, 2007 announcing the purchase of the AFM stock.

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Compass Diversified Trust  
Acquires American Furniture Manufacturing, Inc.

WESTPORT, CT., September 4, 2007 — Compass Diversified Trust (Nasdaq GS: CODI), Compass Group Diversified Holdings LLC and its subsidiaries (collectively, the “Company” or “CODI”) announced today that on August 31, 2007, CODI simultaneously entered into a definitive agreement to acquire and consummated the acquisition of American Furniture Manufacturing, Inc. (“American Furniture”).

Founded in 1998 and headquartered in Ecru, Mississippi, American Furniture is a leading U.S. manufacturer of upholstered furniture, focused exclusively on the promotional segment of the furniture industry. The Company offers a broad product line of stationary and motion furniture, including sofas, loveseats, sectionals, recliners and complementary products, sold primarily at retail price points ranging between \$199 and \$699. American Furniture is a low-cost manufacturer and is able to ship any product in its line within 48 hours of receiving an order.

CODI paid approximately \$92.5 million to purchase American Furniture, which represents under five and a half times American Furniture’s earnings before interest, taxes, depreciation and amortization (“EBITDA”) and under six times American Furniture’s EBITDA less expected annual maintenance capital expenditures.

Regarding the acquisition, I. Joseph Massoud, CODI’s CEO, said, “We are enthused about our acquisition of American Furniture. This company represents the best in U.S. manufacturing, competing effectively with domestic and foreign competition based upon its low production costs, its continual product and design innovation, and its ability to service a diverse mix of customers which includes furniture retailers, big box retailers and department stores. American Furniture possesses the characteristics we look for in all of our businesses, including market leadership in a niche industry, strong free cash flow and proven leadership. American Furniture’s senior managers, who will continue to manage the business under CODI ownership and who are investing alongside CODI in

*Investor Relations, Public Relations & Marketing Communications*

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the transaction, have grown the business successfully over the past several years and we look forward to working with them to continue and accelerate this growth.

“This acquisition is immediately accretive to our shareholders and increases our cash flow available for distribution. By consummating this acquisition without the need for third party transaction financing, we have demonstrated the flexibility of our financing model. Our ability to deploy capital despite recent tightness in the financing markets reflects our unique structure, which allows us to complete acquisitions in all types of economic conditions. This serves as a significant advantage for us and should result in further accretive platform and add-on acquisitions.”

Funding for the acquisition was provided primarily by excess cash on hand at the Company, as well as by a \$30 million draw under CODI's \$300 million revolving acquisition credit facility. Prior to the transaction there were no outstanding borrowings on the credit facility.

Additional information on the acquisition will be available on the Company's current report on Form 8-K that will be filed with the Securities and Exchange Commission on or before September 5, 2007.

#### **About American Furniture Manufacturing, Inc.**

Founded in 1998, American Furniture Manufacturing is headquartered in Ecru, Mississippi and is a leading U.S. manufacturer of promotional upholstered furniture. The Company provides its customers with consistently high quality, attractively priced products and 48-hour quick-ship service. As the Company has grown, it has maintained a production-focused strategy with proven merchandising ideally suited to serve the promotional furniture segment. Currently, the Company operates 29 production lines from a 1.1 million square-foot facility, encompassing both stationary and motion product categories.

#### **About Compass Diversified Trust**

CODI was formed to acquire and manage a group of 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

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flows. These cash flows support distributions to CODI shareholders, which are intended to be steady and growing over the long term.

### **Subsidiary Businesses**

**Aeroglide Holdings, Inc.** and its consolidated subsidiaries, referred to as Aeroglide, is a designer and manufacturer of industrial drying and cooling equipment, primarily used in the production of a variety of human foods, animal and pet feeds, and industrial products. Aeroglide is based in Cary, NC and was founded in 1940.

**Anodyne Medical Device, Inc.** and its consolidated subsidiaries, referred to as AMD, is a 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.

**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 144 branch locations in 18 states and was founded in 1970.

**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"). Advanced Circuits is based in Aurora, CO and was founded in 1989.

**Halo Lee Wayne LLC** and its consolidated subsidiaries, referred to as Halo, is a distributor of customized promotional products and serves more than 30,000 customers as a one-stop-shop resource for design, sourcing, management and fulfillment across all categories of its customers' promotional products needs. Halo is based in Sterling, IL and was founded in 1952.

**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.

To find out more about Compass Diversified Trust, please visit [www.compassdiversifiedtrust.com](http://www.compassdiversifiedtrust.com).

This press release may contain certain forward-looking statements, including statements with regard to the future performance of the Company. Words such as "believes," "expects," "projects," and "future" or similar expressions, are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and some of these factors are enumerated in the risk factor discussion in the Form 10-K filed by CODI with the Securities and Exchange Commission for the year ended December 31, 2006 and Form 10-Qs and other

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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.