

Primo Water Corp  
Form PRE 14A  
March 22, 2011

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

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Rule 14a-12

PRIMO WATER CORPORATION  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies: N/A  
(2) Aggregate number of securities to which transaction applies: N/A

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

(4) Proposed maximum aggregate value of transaction: N/A

(5) Total fee paid: N/A

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: N/A

(2) Form, Schedule or Registration Statement No.: N/A

(3) Filing Party: N/A

(4) Date Filed: N/A

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Primo Water Corporation  
104 Cambridge Plaza Drive  
Winston-Salem, North Carolina 27104

, 2011

Dear Stockholder:

We are pleased to invite you to the 2011 annual meeting of stockholders of Primo Water Corporation to be held on May 18, 2011 at our offices at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104.

Details regarding the meeting and the business to be conducted are described in the accompanying proxy statement. In addition to considering the matters described in the proxy statement, we will report on matters of interest to our stockholders.

Whether or not you plan to attend the meeting, we encourage you to vote as soon as possible to ensure that your shares are represented at the meeting. The proxy statement explains more about proxy voting, so please read it carefully.

We look forward to your continued support.

Sincerely,

Billy D. Prim  
Chairman, Chief Executive Officer and President

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PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION

PRIMO WATER CORPORATION  
104 Cambridge Plaza Drive  
Winston-Salem, North Carolina 27104

Notice of 2011 Annual Meeting of Stockholders

**T i m e** a n d 10:30 a.m., Eastern Time, on Wednesday, May 18, 2011

**Date:**

**Place:** 104 Cambridge Plaza Drive  
Winston-Salem, North Carolina 27104

**I t e m s** o f 1. Election of the two directors nominated by our Board of Directors as Class I directors to serve until the  
**Business:** 2014 annual meeting of stockholders;

2. Advisory vote on the compensation paid to our named executive officers;

3. Advisory vote on the frequency of future advisory votes on the compensation paid to our named executive officers;

4. Approval of an amendment and restatement of Primo's current certificate of incorporation to eliminate references to series of preferred stock that are no longer outstanding;

5. Ratification of the Audit Committee's appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2011; and

6. Other matters if properly raised.

**R e c o r d** You may vote at the annual meeting if you were a stockholder of record at the close of business on

**Date:** March 25, 2011.

**Voting:** For voting instructions, please refer to your enclosed proxy card. Additional information about voting is also included in the accompanying proxy statement. Please vote by Internet, phone or mail as soon as possible to record your vote promptly, even if you plan to attend the annual meeting in person.

**M e e t i n g** Attendance at the annual meeting is limited to stockholders as of the close of business on March 25,

**Admission:** 2011, holders of valid proxies for the annual meeting and our invited guests.

By Order of the Board of Directors,

Mark Castaneda  
Chief Financial Officer and Secretary



Important Notice Regarding the Availability of  
Proxy Materials for the 2011 Annual Meeting of Stockholders  
to be held on May 18, 2011

The Proxy Statement and Annual Report to Stockholders for the year ended December 31, 2010 are available at [www.proxyvote.com](http://www.proxyvote.com).

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PROXY STATEMENT

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The Board of Directors of Primo Water Corporation (“Primo”) is providing these materials to you in connection with Primo’s annual meeting of stockholders. The annual meeting will take place on Wednesday, May 18, 2011, at 10:30 a.m. Eastern Time. The annual meeting will be held at our principal executive office located at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104.

General Information

Why am I receiving these materials?

You have received these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the annual meeting. The proxy statement includes information that we are required to provide you under SEC rules and is designed to assist you in voting your shares.

What is a proxy?

Our Board of Directors is asking for your proxy. This means you authorize persons selected by us to vote your shares at the annual meeting in the way that you instruct. All shares represented by valid proxies received before the annual meeting will be voted in accordance with the stockholder’s specific voting instructions.

What is included in these materials?

These materials include:

- the Proxy Statement for Primo's annual meeting;
- a proxy card for the annual meeting; and
- the 2010 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2010.

What items will be voted on at the annual meeting?

There are five proposals scheduled to be voted on at the annual meeting:

- the election of the two directors nominated by our Board of Directors as Class I directors to serve until the 2014 annual meeting of stockholders;
- the advisory vote on the compensation paid to our named executive officers;
- the advisory vote on the frequency of future advisory votes on the compensation paid to our named executive officers;

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- the approval of an amendment and restatement of Primo’s current certificate of incorporation to eliminate references to series of preferred stock that are no longer outstanding; and
- the ratification of the Audit Committee’s appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2011.

The Board of Directors is not aware of any other matters to be brought before the meeting. If other matters are properly raised at the meeting, the proxy holders may vote any shares represented by proxy in their discretion.

What are the board’s voting recommendations?

Our Board of Directors recommends that you vote your shares:

- “FOR” the two directors nominated by our Board of Directors as Class I directors to serve until the 2014 annual meeting of stockholders;
  - “FOR” the approval of the proposal regarding the compensation paid to our named executive officers;
- “EVERY THREE YEARS” for the proposal regarding the frequency of future advisory votes on the compensation paid to our named executive officers;
- “FOR” the approval the amendment and restatement of Primo’s current certificate of incorporation to eliminate references to series of preferred stock that are no longer outstanding; and
- “FOR” the ratification of the Audit Committee’s appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2011.

Who can attend the annual meeting?

Admission to the annual meeting is limited to:

- stockholders as of the close of business on March 25, 2011;
- holders of valid proxies for the annual meeting; and
- our invited guests.

Each stockholder may be asked to present valid picture identification such as a driver’s license or passport and proof of stock ownership as of the record date.

When is the record date and who is entitled to vote?

The Board of Directors set March 25, 2011 as the record date. All record holders of Primo common stock as of the close of business on that date are entitled to vote. Each share of common stock is entitled to one vote. As of the record date, there were \_\_\_\_\_ shares of common stock outstanding.

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What is a stockholder of record?

A stockholder of record or registered stockholder is a stockholder whose ownership of Primo stock is reflected directly on the books and records of our transfer agent, Wells Fargo Bank, N.A. If you hold stock through an account with a bank, broker or similar organization, you are considered the beneficial owner of shares held in “street name” and are not a stockholder of record. For shares held in street name, the stockholder of record is your bank, broker or similar organization. We only have access to ownership records for the registered shares. If you are not a stockholder of record, we will require additional documentation to evidence your stock ownership as of the record date, such as a copy of your brokerage account statement, a letter from your broker, bank or other nominee or a copy of your notice or voting instruction card. As described below, if you are not a stockholder of record, you will not be able to vote your shares unless you have a proxy from the stockholder of record authorizing you to vote your shares.

How do I vote?

You may vote by any of the following methods:

- In person. Stockholders of record and beneficial stockholders with shares held in street name may vote in person at the meeting. If you hold shares in street name, you must also obtain a proxy from the stockholder of record authorizing you to vote your shares.
- By phone or via the Internet. You may vote by proxy, by phone or via the Internet by following the instructions provided in the accompanying proxy card or the voting instruction card provided.
  - By mail. You may vote by signing and returning the proxy card or voting instruction card provided.

If you vote by phone or the Internet, please have your proxy card or voting instruction card available. The control number appearing on your proxy card or voting instruction card is necessary to process your vote. A phone or Internet vote authorizes the named proxy holders in the same manner as if you marked, signed and returned a proxy card by mail.

How can I change or revoke my vote?

You may change or revoke your vote as follows:

- Stockholders of record. You may change or revoke your vote by submitting a written notice of revocation to Primo Water Corporation c/o Corporate Secretary at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104 or by submitting another vote on or before May 18, 2011 (including a vote via the Internet or by telephone). For all methods of voting, the last vote cast will supersede all previous votes.
- Beneficial owners of shares held in “street name.” You may change or revoke your voting instructions by following the specific directions provided to you by your bank or broker.

What happens if I do not give specific voting instructions?

Stockholders of record. If you are a stockholder of record and you:

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- indicate when voting on the Internet or by phone that you wish to vote as recommended by the Board of Directors, or
- sign and return a proxy card without giving specific voting instructions,

then the proxy holders will vote your shares in the manner recommended by the Board of Directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion for any other matters properly presented for a vote at the meeting.

Beneficial owners of shares held in “street name.” If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is referred to as a “broker non-vote.”

Which ballot measures are considered “routine” or “non-routine”?

The election of directors (“Proposal 1”), the advisory vote on the compensation paid to our named executive officers (“Proposal 2”), the advisory vote on the frequency of future advisory votes on the compensation paid to our named executive officers (“Proposal 3”) and the approval of the amendment and restatement of Primo’s current certificate of incorporation (“Proposal 4”) are considered to be non-routine matters under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals 1, 2, 3 and 4.

The ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2011 (“Proposal 5”) is considered to be a routine matter under applicable rules. A broker or other nominee may generally vote on routine matters, and we do not expect there to be any broker non-votes with respect to Proposal 5.

What is the quorum for the annual meeting?

The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote is necessary for the transaction of business at the annual meeting. This is called a quorum.

What is the voting requirement to approve each of the proposals?

The following are the voting requirements for each proposal:

- Proposal 1, Election of Directors. The two nominees receiving the highest number of votes will be elected as Class I directors to serve until the 2014 annual meeting of stockholders.
- Proposal 2, Advisory Vote on the Compensation Paid to our Named Executive Officers. The compensation paid to our named executive officers will be considered approved if a majority of the votes of stockholders present in person or by proxy with respect to this matter are cast in favor of the proposal.

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- Proposal 3, Advisory Vote on Frequency of Future Advisory Votes on the Compensation Paid to our Named Executive Officers. If the majority of the votes of stockholders present in person or by proxy with respect to this matter are cast in favor of a particular frequency alternative (whether every year, every two years or every three years), such frequency will be considered to be the recommendation of the stockholders on the advisory vote regarding the frequency of future advisory votes on the compensation paid to our named executive officers.
- Proposal 4, Amendment and Restatement of Primo's Current Certificate of Incorporation. The amendment and restatement of Primo's current certificate of incorporation to eliminate references to the series of preferred stock that are no longer outstanding will be approved if a majority of the total votes of all outstanding shares of our common stock are cast in favor of the proposal.
- Proposal 5, Ratification of Independent Registered Public Accounting Firm. The ratification of the Audit Committee's appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2011 will be approved if a majority of stockholders present in person or by proxy with respect to this matter are cast in favor of the proposal.

How are abstentions and broker non-votes treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Broker non-votes and abstentions are not counted as votes cast on any proposal considered at the annual meeting and, therefore, will have no effect on the proposals regarding the election of directors and the advisory votes on the compensation paid to our named executive officers. In the case of the proposal to approve an amendment and restatement of Primo's current certificate of incorporation, abstentions and broker non-votes will have the same effect as a vote against the proposal. We expect no broker non-votes on the proposal regarding the ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2011, and abstentions will have no effect on this proposal.

Who pays for solicitation of proxies?

We are paying the cost of soliciting proxies. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to stockholders and obtaining their votes. In addition to soliciting the proxies by mail and the Internet, certain of our directors, officers and regular employees, without compensation, may solicit proxies personally or by telephone, facsimile and email.

Where can I find the voting results of the annual meeting?

Primo will announce preliminary or final voting results at the annual meeting and publish final results in a Form 8-K filed with the SEC within four business days of the completion of the meeting.

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What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2012 annual meeting of stockholders?

Requirements for Stockholder Proposals to Be Considered for Inclusion in Primo's Proxy Materials. Stockholder proposals to be considered for inclusion in the proxy statement and form of proxy relating to the 2012 annual meeting of stockholders must be received no later than December 8, 2011. In addition, all proposals will need to comply with Rule 14a-8 of the Securities Exchange Act of 1934, which lists the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals must be delivered to Primo's Secretary at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104.

Requirements for Stockholder Proposals to Be Brought Before the 2012 Annual Meeting of Stockholders. Notice of any director nomination or other proposal that you intend to present at the 2012 annual meeting of stockholders, but do not intend to have included in the proxy statement and form of proxy relating to the 2012 annual meeting of stockholders, must be delivered to Primo's Secretary at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104 not earlier than the close of business on January 19, 2012 and not later than the close of business on February 18, 2012. In addition, your notice must set forth the information required by our bylaws with respect to each director nomination or other proposal that you intend to present at the 2012 annual meeting of stockholders.

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## Principal Stockholders

The following table provides information about the beneficial ownership of our common stock as of March 15, 2011 by:

- each person that owned more than 5% of our outstanding common stock as of such date;
  - each of our directors;
  - each nominee for director;
  - each of our named executive officers; and
- all of our directors, director nominees and current executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes any shares over which a person exercises sole or shared voting or investment power. Under these rules, beneficial ownership also includes any shares as to which the individual or entity has the right to acquire beneficial ownership of within 60 days of March 25, 2011 through the exercise of any warrant, stock option or other right. Except as noted, and subject to community property laws where applicable, we believe that the stockholders named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. Unless otherwise indicated in the notes below, the address for each of the individuals listed below is c/o Primo Water Corporation, 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (#)	Percentage of Common Stock Outstanding (%)(1)
Billy D. Prim	2,493,668 (2)	12.7
Culligan International Company	2,894,717 (3)	14.9
Wells Fargo & Company	1,523,470 (4)	7.8
BAMCO INC.	1,037,000 (5)	5.3
Richard A. Brenner	60,412 (6)	*
David W. Dupree(7)	903,953 (8)	4.6
Jack C. Kilgore	-	-
Malcolm McQuilkin	205,807 (9)	1.1
David L. Warnock	699,090 (10)	3.6

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Richard E. Belmont	37,261	(11)	*
Mark Castaneda	77,137	(12)	*
Duane Goodwin	9,583	(13)	*
Michael S. Gunter	41,241	(14)	*
Directors, director nominees and current executive officers as a group (8 individuals)	4,481,308	22.6	%

\* Represents beneficial ownership of less than 1.0%.



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- (1) A total of shares of common stock were outstanding on March 25, 2011.
- (2) Consists of (a) 2,237,056 shares of common stock held directly (419,705 of which are pledged as security); (b) 146,889 shares of common stock issuable upon the exercise of warrants held directly that are presently exercisable (4,218 of which are pledged as security); (c) 42,645 shares of common stock issuable upon the exercise of stock options held directly that are presently exercisable or become exercisable within the next 60 days; (d) 4,791 shares of common stock held by BD Prim, LLC (as to which he has shared voting and investment power); (e) 4,791 shares held by the Billy D. Prim Revocable Trust (as to which he has shared voting and investment power); (f) 23,957 shares of common stock held by 2010 Irrevocable Trust fbo Sarcanda W. Bellissimo (as to which he has shared voting and investment power); (g) 23,957 shares of common stock held by 2010 Irrevocable Trust fbo Anthony Gray Westmoreland (as to which he has shared voting and investment power); (h) 4,791 shares of common stock held by the 2010 Irrevocable Trust fbo Jager Grayln Dean Bellissimo (as to which he has shared voting and investment power); and (i) 4,791 shares of common stock held by the 2010 Irrevocable Trust fbo Joseph Alexander Bellissimo (as to which he has shared voting and investment power). Excludes 8,032 shares of common stock and 1,791 shares of our common stock issuable upon the exercise of warrants held directly by Deborah W. Prim, Mr. Prim's spouse.
- (3) This information is derived in part from a Schedule 13G filed by Culligan International Company on December 2, 2010. All of the shares are owned directly by Culligan International Company, which has the sole power to vote and to dispose or to direct the disposition of the shares. Culligan International Company is a wholly-owned subsidiary of Culligan Holding Inc., which is a wholly-owned subsidiary of Culligan Holding Company B.V., which is a wholly-owned subsidiary of Culligan Holding S.à.r.l., which is a wholly-owned subsidiary of Culligan International S.à.r.l., which is a wholly-owned subsidiary of Culligan Investments S.à.r.l., which is a wholly-owned subsidiary of Culligan Ltd. Each of such entities may be deemed to share power to vote and to dispose or to direct the disposition of the shares owned by Culligan International Company. Clayton, Dubilier & Rice Fund VI Limited Partnership owns approximately 77.8% of the outstanding voting securities of Culligan Ltd. CD&R Associates VI Limited Partnership is the general partner of Clayton, Dubilier & Rice Fund VI Limited Partnership, and CD&R Investment Associates VI, Inc. is the general partner of CD&R Associates VI Limited Partnership. Each of CD&R Associates VI Limited Partnership and CD&R Investment Associates VI, Inc. (i) may, by reason of such relationships, be deemed to share the power to vote and to dispose or to direct the disposition of the shares held by Culligan International Company and deemed beneficially owned by Culligan Holding Inc., Culligan Holding Company B.V., Culligan Holding S.à.r.l., Culligan International S.à.r.l., Culligan Investments S.à.r.l., and Culligan Ltd. (such entities, collectively with Culligan International Company, the "Culligan Entities"), but (ii) expressly disclaims beneficial ownership of the shares held or deemed to be beneficially owned by the Culligan Entities. CD&R Investment Associates VI, Inc. is managed by a board of directors comprised of over fifteen individuals, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. As a result, no member of the board of CD&R Investment Associates VI, Inc. controls the voting or disposition of CD&R Investment Associates VI, Inc. with respect to the shares shown as beneficially owned by Culligan International Company, the other Culligan Entities, Clayton, Dubilier & Rice Fund VI Limited Partnership, CD&R Associates VI Limited Partnership or CD&R Investment Associates VI, Inc. Culligan International Company's address is 9399 West Higgins Road, Suite 1100, Rosemont, IL 60018.

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- (4) This information is derived from a Schedule 13G filed by Wells Fargo & Company on its own behalf and on behalf of certain subsidiaries. Wells Fargo & Company and certain of its subsidiaries have the sole power to vote 1,094,723 shares of common stock and the sole power to dispose of 1,522,270 shares of common stock. Wells Fargo & Company's address is 420 Montgomery Street, San Francisco, CA 94104.
- (5) This information is derived from a Schedule 13G filed jointly by BAMCO INC., Baron Capital Group, Inc., Baron Small Cap Fund and Ronald Baron on February 14, 2011. Each entity or person has shared power to vote or direct the vote with respect to all of these shares and shared power to dispose or to direct the disposition of all of these shares. BAMCO INC. is a subsidiary of Baron Capital Group, Inc. Ronald Baron owns a controlling interest in Baron Capital Group, Inc. The address for BAMCO INC. is 767 Fifth Avenue, 49th Floor, New York, New York 10153.
- (6) Consists of (a) 50,863 shares of common stock held directly, which includes 3,832 shares of restricted common stock over which Mr. Brenner has voting but not investment power; (b) 6,965 shares of common stock issuable upon the exercise of warrants held directly that are presently exercisable; (c) 2,300 shares of common stock issuable upon the exercise of options held directly that are presently exercisable; (d) 142 shares of common stock issuable upon the exercise of warrants held by the ALB-3 Trust, of which he is the trustee, that are presently exercisable; and (e) 142 shares of common stock issuable upon the exercise of warrants held by the ALB-5 Trust, of which he is the trustee, that are presently exercisable. Mr. Brenner may be deemed to have voting and investment power with respect to securities held by the ALB-3 Trust or the ALB-5 Trust and expressly disclaims beneficial ownership of any such securities, except to the extent of his pecuniary interest therein, if any.
- (7) Mr. Dupree is not standing for reelection as member of the Board of Directors of Primo.
- (8) Consists of (a) 5,749 shares of common stock held directly, which includes 3,832 shares of restricted common stock over which Mr. DuPree has voting but not investment power; (b) 944 shares of common stock issuable upon the exercise of warrants held directly that are presently exercisable; (c) 856,232 shares of common stock held by Primo Investors, L.P.; and (d) 41,028 shares of common stock issuable upon the exercise of warrants held by Primo Investors, L.P. that are presently exercisable. Mr. Dupree is the managing member of GenPar Primo, L.L.C., the general partner of Primo Investors, L.P., and as such, he may be deemed to have voting and investment power with respect to all securities beneficially owned by Primo Investors, L.P. Mr. Dupree disclaims beneficial ownership of any such securities held by Primo Investors, L.P. except to the extent of his pecuniary interest therein, if any.
- (9) Consists of (a) 5,749 shares of common stock held directly, which includes 3,832 restricted common stock over which Mr. McQuilken has voting but not investment power; (b) 10,733 shares of common stock issuable upon the exercise of options held directly that are presently exercisable; (c) 163,607 shares of common stock held by the Malcolm McQuilkin Living Trust; and (d) 31,467 shares of common stock issuable upon the exercise of warrants held by the Malcolm McQuilkin Living Trust that are presently exercisable. Mr. McQuilkin is a co-trustee of the Malcolm McQuilkin Living Trust and as such, he may be deemed to have shared voting and investment power with respect to such shares. Mr. McQuilken expressly disclaims beneficial ownership of any such securities held in the trust, except to the extent of his pecuniary interest therein, if any.
- (10) Consists of (a) 5,749 shares of common stock held directly, which includes 3,832 restricted common stock over which Mr. Warnock has voting but not investment power; (b) 2,300 shares of common stock issuable upon the exercise of options held directly that are presently exercisable; (c) 569,380 shares of common stock held by Camden Partners Strategic Fund III, L.P.; (d) 94,088 shares of common stock issuable upon the exercise of warrants held by Camden Partners Strategic Fund III, L.P. that are presently exercisable; (e) 23,662 shares of common stock held by Camden Partners Strategic Fund III-A, L.P.; and (f) 3,911 shares of common stock issuable upon the exercise of warrants held by Camden Partners Strategic Fund III-A, L.P. that are presently

exercisable. Mr. Warnock is the managing member of the general partner of both Camden Partners Strategic Fund III, L.P. and Camden Partners Strategic Fund III-A, L.P., and as such, he may be deemed to have voting and investment power with respect to all securities beneficially owned by such entities. Mr. Warnock expressly disclaims beneficial ownership of any such securities held by Camden Partners Strategic Fund III, L.P. and Camden Partners Strategic Fund III-A, L.P. except to the extent of his pecuniary interest therein, if any.

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- (11) Consists of (a) 14,374 shares of common stock held directly, which includes 9,582 shares of restricted common stock over which Mr. Belmont has voting but not investment power; (b) 710 shares of common stock issuable upon the exercise of warrants held directly that are presently exercisable; (c) shares issuable upon the exercise of options to purchase 15,892 shares of common stock held directly that are presently exercisable; (d) 1,999 shares of common stock held by Mr. Belmont's spouse; (e) 96 shares of common stock shares issuable upon the exercise of warrants held by Mr. Belmont's spouse that are presently exercisable; (f) 1,999 shares of common stock held by Mr. Belmont's son; (g) 96 shares of common stock issuable upon the exercise of warrants held by Mr. Belmont's son that are presently exercisable; (h) 1,999 shares of common stock held by Mr. Belmont's daughter; and (i) 96 shares of common stock issuable upon the exercise of warrants held by Mr. Belmont's daughter that are presently exercisable. Mr. Belmont may be deemed to have voting and investment power with respect to securities held by his spouse or children and expressly disclaims beneficial ownership of any such securities, except to the extent of his pecuniary interest therein, if any.
- (12) Consists of (a) 54,402 shares of common stock held directly, which includes 15,971 shares of restricted common stock over which Mr. Castaneda has voting but not investment power; (b) 4,527 shares of common stock issuable upon the exercise of warrants held directly that are presently exercisable; and (c) 18,208 shares of common stock issuable upon the exercise of options held directly that are presently exercisable.
- (13) Consists of 9,583 shares of common stock issuable upon the exercise of options held directly that are presently exercisable.
- (14) Consists of (a) 16,837 shares of common stock held directly, which includes 9,582 shares of restricted common stock over which Mr. Gunter has voting but not investment power; (b) 302 shares of common stock issuable upon the exercise of warrants held directly that are presently exercisable; and (c) 24,102 shares of common stock issuable upon the exercise of options held directly that are presently exercisable.

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## Proposal 1 – Election of Directors

Our Board of Directors consists of three classes of directors, each serving staggered three-year terms. Billy D. Prim and Jack C. Kilgore are both nominated as Class I directors to serve three-year terms until the annual meeting of stockholders in 2014 and until their successors are elected and qualified. Mr. Prim is a current director and Mr. Kilgore is being nominated for election to our Board of Directors for the first time. Both have agreed to be named in this proxy statement and serve if elected.

Although we know of no reason why either nominee would not be able to serve, if either such nominee is unavailable for election, the proxies intend to vote your shares for any substitute nominee proposed by the Board of Directors.

The two nominees receiving the highest number of affirmative votes will be elected as directors to serve until the 2014 annual meeting of stockholders. Votes withheld by stockholders, broker non-votes and abstentions will have no effect on the outcome of the director elections.

The Board of Directors recommends a vote “FOR” the election of Billy D. Prim and Jack C. Kilgore to our Board of Directors.

## Nominees and Continuing Directors

Listed below are (i) the nominees for election to the Board of Directors and (ii) the other members of our Board of Directors whose terms expire in 2012 (Class II directors) and 2013 (Class III directors). The following paragraphs include information about each nominee and continuing director’s business background, as furnished to us by the nominee or director, and additional experience, qualifications, attributes or skills that led our Board of Directors to conclude that such individual should serve on our Board of Directors.

Name of Nominee	Age	Principal Occupation	Director Since	Director Class
Billy D. Prim	55	Chairman, Chief Executive Officer and President, Primo	2004	I

Jack C. Kilgore	62	President, Consumer Products Division, Rich Products Corporation	---	I
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Name of Continuing Director	Age	Principal Occupation	Director Since	Director Class
Richard A. Brenner	47	Chief Executive Officer, Amarr Garage Doors	2005	III

Malcolm McQuilkin	64	Chief Executive Officer, Blue Rhino Global Sourcing, LLC	2005	II
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David L. Warnock	53	Managing Member, Camden Partners Holdings, LLC	2005	II
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Billy D. Prim

Mr. Prim has been our Chairman, Chief Executive Officer and President since he founded Primo in 2004. Prior to founding Primo, Mr. Prim founded Blue Rhino Corporation (a provider of propane cylinder exchange and complementary propane and non-propane products) in March 1994 and served as its Chief Executive Officer and Chairman of the Board. He led Blue Rhino's initial public offering in May 1998 and remained its Chief Executive Officer until April 2004, when Blue Rhino was acquired by Ferrellgas Partners, L.P., at which time he was elected to the Ferrellgas board of directors on which he served until November 2008. Mr. Prim currently serves on the board of directors of Towne Park Ltd. and previously served on the board of directors of Southern Community Bank and Trust from 1996 until 2005. Mr. Prim brings extensive business, managerial and leadership experience to our Board of Directors. Mr. Prim's service as an executive and a director of Primo provides our Board of Directors with a vital understanding and appreciation of our business. In addition, Mr. Prim's leadership abilities, his experience at Blue Rhino and his extensive knowledge of the bottled water industry position him well for service on our Board of Directors.

Richard A. Brenner

Mr. Brenner has been the Chief Executive Officer of Amarr Garage Doors (a manufacturer and distributor of garage doors) since July 2002 and was its President from July 1993 until June 2002. Mr. Brenner also serves on several boards of private and nonprofit entities, including ABC of North Carolina, Idealliance and Wake Forest University Health Sciences, and was a member of the board of directors of Blue Rhino Corporation from 1998 to 2004. Mr. Brenner's significant executive and board service experience qualify him for service on our Board of Directors.

Jack C. Kilgore

Since 2004, Mr. Kilgore has served as President of the Consumer Products Division of Rich Products Corporation (a leading supplier and solutions provider to the foodservice, in-store bakery, and retail marketplaces) where he oversees the company's consumer packaged goods business. Mr. Kilgore joined Rich Products Corporation in 1978 as a sales and marketing administrator and has advanced through the company serving in roles as a region manager, division manager, national sales manager and various other sales and market leadership positions before being named President of the Consumer Products Division. Mr. Kilgore serves on the advisory board of South Coast Bank & Trust, is a former chairman of the National Fisheries Institute and is serving and has previously served in various leadership positions for a number of not-for-profit entities. Mr. Kilgore's extensive knowledge of and experience in the consumer goods industry as well as his extensive executive and managerial experience position him well to serve as a member of our Board of Directors.

Malcolm McQuilkin

Since 1990, Mr. McQuilkin has been Chief Executive Officer of Blue Rhino Global Sourcing, LLC (an import and design company and a wholly-owned subsidiary of Ferrellgas Propane Partners). As the current Chief Executive Officer of Blue Rhino Global Sourcing, Mr. McQuilkin provides our Board of Directors with significant leadership and executive experience. Mr. McQuilkin's leadership abilities, his international business expertise (particularly with respect to outsourcing) and his extensive knowledge of complex financial and operational issues facing large companies qualify him to serve as a member of our Board of Directors.

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David L. Warnock

Mr. Warnock is a founder and managing member of Camden Partners Holdings, LLC (a private investment management firm established in 1995 and formerly known as Cahill Warnock & Company, LLC). Mr. Warnock also serves as the managing member of the general partner of both Camden Partners Strategic Fund III, L.P. and Camden Partners Strategic Fund III-A, L.P. Mr. Warnock serves on the board of National American University, Inc., New Horizons Worldwide, Inc., Nobel Learning Communities, Inc., Questar Assessment, Inc., and The Princeton Review, and was a member of the board of directors of Blue Rhino Corporation from 2000 to 2004. Mr. Warnock also serves as a member of the board of directors of several private companies and not-for profit entities. Mr. Warnock brings to our Board of Directors a unique and valuable perspective from his years of experience in private investment management. Mr. Warnock's business acumen and his financial, managerial, leadership and board service experience qualify him to serve on our Board of Directors.

## Corporate Governance

## The Board of Directors

Primo is governed by a Board of Directors and various committees of the board that meet throughout the year. The Board of Directors and its committees have general oversight responsibility for the affairs of Primo. In exercising its fiduciary duties, the Board of Directors represents and acts on behalf of our stockholders.

Our certificate of incorporation provides that our Board of Directors will consist of between three and 12 members with the precise number to be determined by the Board of Directors. Our Board of Directors currently consists of five directors. Our certificate of incorporation also provides that any vacancies or newly-created directorships may be filled only by the remaining members of our Board of Directors.

## Board Committees

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Each committee is currently comprised entirely of non-employee directors. Our Board of Directors may establish other committees from time to time to facilitate our corporate governance.

The current members of the board's committees are identified in the following table:

Director	Audit	Compensation	Nominating and Governance
Richard A. Brenner	X		Chair
David W. Dupree	Chair	X	X
Malcolm McQuilkin		X	X
David L. Warnock	X	Chair	X

If elected, Mr. Kilgore will serve on the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Each committee operates under a written charter adopted by the Board of Directors. These charters are available on our corporate website ([www.primowater.com](http://www.primowater.com)) in the "Investor Relations" section under



“Corporate Governance.”

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Audit Committee. The principal responsibilities and functions of our Audit Committee are to assist the Board of Directors in fulfilling its oversight of (i) the integrity of our financial statements, (ii) the effectiveness of our internal controls over financial reporting, (iii) our compliance with legal and regulatory requirements, (iv) the qualifications and independence of our registered public accounting firm, and (v) the performance of our registered public accounting firm. In carrying out its oversight responsibilities and functions, our Audit Committee, among other things, oversees and interacts with our independent auditors regarding the auditors' engagement and/or dismissal, duties, compensation, qualifications and performance; reviews and discusses with our independent auditors the scope of audits and our accounting principles, policies and practices; reviews and discusses our audited annual financial statements with our independent auditors and management; and reviews and approves or ratifies (if appropriate) related party transactions. In addition, the Audit Committee oversees management's efforts in managing our key financial and other risk exposures and developing our enterprise risk management policies and procedures. Our Audit Committee met two times in 2010.

Our Board of Directors has determined that Mr. Warnock is an audit committee financial expert, as defined under the applicable rules of the SEC, and that all members of the Audit Committee are "independent" within the meaning of the applicable Nasdaq listing standards and the independence standards of rule 10A-3 of the Securities Exchange Act of 1934. Each of the members of the Audit Committee meets the requirements for financial literacy under the applicable rules and regulations of the SEC and The Nasdaq Stock Market.

Compensation Committee. The principal functions of our Compensation Committee include (i) reviewing our compensation practices and policies, (ii) reviewing and approving the compensation for our senior executives, (iii) evaluating the performance of our Chief Executive Officer, and (iv) assisting in Primo's compliance with the regulations of the SEC regarding executive compensation disclosure. Our Board of Directors has determined that all members of the Compensation Committee are "independent" within the meaning of the applicable Nasdaq listing standards. Our Compensation Committee met one time in 2010.

Nominating and Governance Committee. The principal functions of our Nominating and Governance committee are, among other things, to (i) establish membership criteria for our Board of Directors, (ii) establish and communicate to stockholders a method of recommending potential director nominees for the Nominating and Governance Committee's consideration, (iii) identify individuals qualified to become directors consistent with such criteria and select the director nominees, (iv) plan for continuity on our Board of Directors, (v) recommend action to our Board of Directors upon any vacancies on our Board of Directors, (vi) facilitate the annual evaluation of the performance of our Board of Directors and its committees, (vii) periodically review management succession plans, and (viii) consider and recommend to our Board of Directors other actions relating to our Board of Directors, its members and its committees. Our Board of Directors has determined that all members of the Nominating and Governance Committee are "independent" within the meaning of the applicable Nasdaq listing standards. Our Nominating and Governance Committee did not meet in 2010.

Board Leadership Structure

Mr. Prim serves as both the Chairman of the Board of Directors and the Chief Executive Officer of Primo. Primo does not have a lead independent director. The Board of Directors does not have a general policy regarding the separation of the roles of Chairman and Chief Executive Officer. Our bylaws permit these positions to be held by the same person, and the Board of Directors believes that it is in the best interests of Primo to retain flexibility in determining whether to separate or combine the roles of Chairman and Chief Executive Officer based on our circumstances. Similarly, our bylaws do not require our Board of Directors to appoint a lead independent director and it has not otherwise determined to do so.



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The board has determined that it is appropriate for Mr. Prim to serve as both Chairman and Chief Executive Officer because combining the roles of Chairman and Chief Executive Officer (1) enhances the alignment between the Board of Directors and management in strategic planning and execution as well as operational matters, (2) avoids the confusion over roles, responsibilities and authority that can result from separating the positions, and (3) streamlines board process in order to conserve time for the consideration of the important matters the Board of Directors needs to address, particularly in light of the small size of our Board of Directors.

### Director Meeting Attendance

The Board of Directors held eleven meetings during 2010. No director attended less than 75 percent of the board and applicable committee meetings during 2010. Since we became a public company, each director is encouraged to attend the annual meeting of stockholders in person absent extenuating circumstances. Only Mr. Prim attended our 2010 annual meeting of stockholders, which occurred before we became a public company.

### Director Independence

The Board of Directors determines the independence of its members based on the standards specified by The NASDAQ Stock Market, LLC (“Nasdaq”). Under the applicable Nasdaq listing standards, independent directors must comprise a majority of a listed company’s board of directors. In addition, Nasdaq’s rules require that, subject to specific exceptions, each member of a listed company’s audit committee and those members of the board of directors determining executive compensation and director nominations be independent. Audit Committee members also must satisfy the independence criteria set forth in rule 10A-3 under the Securities Exchange Act of 1934. Under the Nasdaq rules, a director will only qualify as an “independent director” if, in the opinion of the company’s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In order to be considered independent for purposes of rule 10A-3 under the Securities Exchange Act of 1934, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our Board of Directors has reviewed the relationships between Primo and each director and director nominee to determine compliance with the Nasdaq listing standards and has determined that none of Messrs. Brenner, Dupree, McQuilkin, Warnock and Kilgore has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under Nasdaq rules. Our Board of Directors also determined that Messrs. Brenner, Dupree and Warnock, who comprise our Audit Committee, Messrs. Dupree, McQuilkin and Warnock, who comprise our Compensation Committee, and Messrs. Brenner, Dupree, McQuilkin and Warnock, who comprise our Nominating and Governance Committee, satisfy the independence standards for those committees established by applicable SEC and Nasdaq rules. In making these determinations, our Board of Directors considered the relationships that each non-employee director has with Primo and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. There is no family relationship between any director, executive officer or person nominated to become a director or executive officer.

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Director Nomination Process

The Board of Directors has a standing Nominating and Governance Committee comprised solely of independent directors. The Board of Directors has delegated to its Nominating and Governance Committee the responsibility for establishing membership criteria for the Board of Directors, identifying individuals qualified to become directors consistent with such criteria and recommending the director nominees.

In identifying potential director candidates, the Nominating and Governance Committee will seek input from its Committee members, other directors and management. The Nominating and Governance Committee may engage the services of search firms and advisors to help identify and screen potential director nominees. The Nominating and Governance Committee will also consider director candidates appropriately recommended by stockholders. Jack C. Kilgore, a first time nominee for election to the board of directors at the 2011 annual meeting, was recommended to the Nominating and Governance Committee by the Committee's Chairman, Richard Brenner.

In identifying and assessing director candidates, the Nominating and Governance Committee considers, among other things:

- roles and contributions valuable to the business community;
- personal qualities of leadership, character, judgment and whether the candidate possesses and maintains throughout service on the Board a reputation in the community at large of integrity, trust, respect, competence and adherence to the highest ethical standards;
- relevant knowledge and diversity of background, viewpoints and experience;
- whether the candidate is free of conflicts and has the time required for preparation, participation and attendance at all meetings; and
- applicable listing standards of Nasdaq.

Diversity of background, viewpoint and experience is one of the various factors the Nominating and Governance Committee may consider in identifying director nominees, but the Nominating and Governance Committee does not have a formal policy regarding board diversity.

All director candidates, including candidates appropriately recommended by stockholders, are evaluated in accordance with the process described above.

Stockholder Recommendations of Director Candidates

Stockholders who wish to recommend director candidates for consideration by the Nominating and Governance Committee may do so by submitting a written recommendation to our Secretary at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104. Such recommendation must include a detailed background of the suggested candidate that demonstrates how the individual meets the criteria set forth above. If a candidate proposed by a stockholder or other source meets such criteria, the individual will be considered on the same basis as other candidates.

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Recommendations by stockholders for director candidates to be considered for the 2012 annual meeting of stockholders must be delivered to Primo's Secretary not earlier than the close of business on January 19, 2012 and not later than the close of business on February 18, 2012. Recommendations by stockholders for director candidates to be considered for inclusion in the proxy statement and form of proxy relating to the 2012 annual meeting of stockholders must be received no later than December 8, 2011. Notice of a director nomination must be submitted in accordance with the requirements set forth in our amended and restated bylaws which include requirements to provide the name and address of the stockholder making the recommendation, a representation that the recommending stockholder is a record holder of our common stock, all information regarding the nominee that would be required to be set forth in a proxy statement and the consent of the nominee to serve as a director. Appropriate submission of a recommendation by a stockholder does not guarantee the selection of the stockholder's candidate or the inclusion of the candidate in our proxy statement; however, the Nominating and Governance Committee will consider any such candidate in accordance with the director nomination process described above.

### The Board's Role in Risk Oversight

Management is responsible for managing the risks that Primo faces. The Board of Directors is responsible for overseeing management's approach to risk management. The involvement of the full Board of Directors in reviewing our strategic objectives and plans is a key part of the board's assessment of management's approach and tolerance to risk. While the Board of Directors has ultimate oversight responsibility for overseeing management's risk management process, various committees of the board assist it in fulfilling that responsibility.

In particular, the Audit Committee assists management in its review of the policies and procedures regarding identifying, monitoring, evaluating and managing Primo's key financial and other risk exposures. The Audit Committee also oversees the development of our enterprise risk management policies and procedures and reports regularly to the Board of Directors regarding Primo's risk management process.

In addition, the Compensation Committee reviews our compensation practices and policies to ensure they do not create inappropriate or unintended significant risks to Primo as a whole, and provides oversight and direction regarding these practices, policies and compensation-related risk management.

### Code of Conduct

Our Board of Directors has adopted a Code of Business Conduct and Ethics. This code applies to all of the directors, officers and employees of Primo and its subsidiaries. A copy of our Code of Business Conduct and Ethics is available on our corporate website ([www.primowater.com](http://www.primowater.com)). We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

### Policy for Review of Related Person Transactions

Our Audit Committee reviews and approves any transaction between Primo and a related person which would be required to be disclosed by the rules of the SEC.

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Communications with the Board of Directors

Stockholders may communicate with any of our directors by sending a written communication to a director c/o our Secretary at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104. All communications received in accordance with these procedures will be reviewed by the Secretary and forwarded to the appropriate director or directors unless such communications are considered, in the reasonable judgment of the Secretary, to be improper for submission to the intended recipient, such as communications unrelated to our business, advertisements or frivolous communications.

Executive Officers

The following paragraphs set forth information regarding the current executive officers of Primo other than Mr. Prim. Information pertaining to Mr. Prim, who is both a director and an executive officer of Primo, may be found in the section entitled "Nominees and Continuing Directors."

Mark Castaneda

Mr. Castaneda, age 46, has served as our Chief Financial Officer since March 2008. Prior to joining Primo, he served as Chief Financial Officer for Tecta America, Inc. (a private national roofing contractor) from October 2007 until March 2008, as Chief Financial Officer for Interact Public Safety (a private software company) from September 2006 until October 2007 and as Chief Financial Officer for Pike Electric Corporation (a publicly-traded energy solutions provider) from October 2004 until August 2006, where he helped lead its initial public offering in July 2005. Mr. Castaneda served Blue Rhino Corporation as its Chief Financial Officer from November 1997 until October 2004 and as a Director from September 1998 until April 2004. Mr. Castaneda helped lead Blue Rhino's initial public offering with Mr. Prim in May 1998. Mr. Castaneda began his career with Deloitte & Touche in 1988 and is a certified public accountant.

Michael S. Gunter

Mr. Gunter, age 42, has served as our Senior Vice President of Operations since March 2010 and previously served as our Vice President of Operations from our founding in October 2004 through February 2010. Prior to joining Primo, he served as the Senior Director of Strategy and Financial Analysis as well as the Director of Information Technology for Blue Rhino Corporation from 2000 until October 2004. Mr. Gunter served as an Artillery Officer in the United States Marine Corps from 1990 to 1996.

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## Director Compensation

The following table shows the compensation paid to each non-employee director who served on our Board of Directors in 2010:

2010 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Total (\$)
Richard A. Brenner	-	73,817	73,817
David W. Dupree	-	73,817	73,817
Malcolm McQuilkin	-	73,817	73,817
David L. Warnock	-	73,817	73,817

(1) The amounts shown in this column represent the aggregate grant date fair value of stock awards computed in accordance with FASB Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"). Each director received an award of 5,749 shares of restricted stock in February 2010 that vests in equal annual installments over a three-year period. This was the only stock award made to directors during 2010. For additional information regarding the assumptions made in calculating these amounts, see the notes to our audited financial statements included in our Annual Report on Form 10-K.

The following table shows the number of outstanding and unexercised stock options and the number of shares of restricted stock held by each non-employee director as of December 31, 2010:

Name	Shares Subject to Outstanding Option Awards (#)	Shares of Restricted Common Stock Outstanding (#)
Richard A. Brenner	2,300	5,749
David W. Dupree	-	5,749
Malcolm McQuilkin	10,733	5,749
David L. Warnock	2,300	5,749

Prior to our initial public offering, we did not have a policy regarding compensation payable to our directors. Instead, we from time to time made awards of stock options and restricted stock to our non-employee directors. In connection with our initial public offering, our Board of Directors approved and adopted our Non-Employee Director Compensation Policy. Under the Non-Employee Director Compensation Policy, each non-employee director will



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receive an annual retainer of \$25,000, to be paid one-half in restricted common stock and one-half in options to purchase common stock, granted on the first business day following each annual meeting of our stockholders. Additionally, non-employee directors will receive the following cash awards:

- a \$5,000 retainer for directors who also serve as committee chairs and a \$2,500 retainer for other directors;

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- \$2,500 for each regularly scheduled Board of Directors meeting attended in person (\$1,000 if attended telephonically);
  - \$1,000 for each ad hoc telephonic special Board of Directors meeting attended;
  - \$1,000 for each regularly scheduled committee meeting attended; and
  - \$500 for each ad hoc telephonic committee meeting attended.

Grants made under the Non-Employee Director Compensation Policy will be made pursuant to the 2010 Omnibus Long-Term Incentive Plan and will vest in full on the day immediately following the first anniversary of the grant date. Mr. Prim receives no compensation for his service on our Board or Directors.

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Compensation Discussion and Analysis

The following discussion and analysis relates to our compensation arrangements for:

- (1) our principal executive officer (Billy D. Prim);
- (2) our principal financial officer (Mark Castaneda);
- (3) our only other current executive officer (Michael S. Gunter); and
- (4) two other individuals who served as executive officers during a portion of 2010 but who were not serving as such at December 31, 2010 (Duane G. Goodwin and Richard E. Belmont, and together with Messrs. Prim, Castaneda and Gunter, our NEOs).

This discussion and analysis should be read together with the compensation tables and related disclosures set forth below. This discussion and analysis includes statements regarding financial and operating performance targets in the limited context of our executive compensation program, and investors should not evaluate these statements in any other context. This discussion and analysis also contains forward-looking statements that are based on our current considerations, expectations and determinations regarding future compensation programs. The actual amount and form of compensation and the compensation programs that we adopt in the future may differ materially from current or planned programs as summarized in this discussion.

Introduction

Our compensation discussion and analysis discusses the total compensation for our NEOs and describes our overall compensation philosophy, objectives and practices. Our compensation philosophy and objectives generally apply to all of our employees and all of our employees are eligible to participate in the main components of our compensation program consisting of:

- base salary;
- annual bonus and incentive arrangements; and
- equity compensation.

The relative value of each of these components for individual employees varies based on job role and responsibility as well as our financial performance.

Compensation Philosophy and Objectives

Our compensation approach has changed and developed over the last several years as we have experienced rapid growth. We completed both our initial public offering and the acquisition of a refill vending business from Culligan Store Solutions, LLC and Culligan of Canada, Ltd. in November 2010. We made changes to our compensation programs during 2010 in anticipation of our becoming a larger publicly-traded company.

Our compensation philosophy is to offer our executive officers compensation and benefits that are competitive and meet our goals of attracting, retaining and motivating highly skilled management, which is necessary to achieve our financial and strategic objectives and create long-term value for our stockholders. Accordingly, our executive officer compensation program is designed to link annual and long-term cash and stock incentives to the achievement of

Company and individual performance goals and to align the interests of executive officers with the creation of stockholder value.

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We believe compensation should be determined within a framework that is intended to reward individual contribution and the achievement of Company objectives. Within this overall philosophy, our objectives are to:

- attract, retain and motivate our executives by providing a total compensation program that takes into consideration competitive market requirements and strategic business needs;
- align the financial interests of executive officers with those of our stockholders, both in the short and long term;
  - provide incentives for achieving and exceeding annual and long-term performance goals; and
  - appropriately reward executive officers for creating long-term stockholder value.

Each of Messrs. Prim, Castaneda and Gunter entered into an employment agreement with the Company in connection with our initial public offering. The material terms of those employment agreements are described below under “Employment Agreements”. We also entered into an employment agreement with Mr. Goodwin in connection with our initial public offering. Mr. Goodwin was employed with us through December 21, 2010, and we entered into a separation agreement with him on December 22, 2010 that is also described below.

Determining Executive Compensation

Prior to our November 2010 initial public offering, we were a privately-held company. As a result, we were not subject to any stock exchange listing or SEC rules requiring a majority of our Board of Directors to be independent or relating to the formation and functioning of Board committees, including our Compensation Committee. Historically, we informally considered the competitive market for corresponding positions within comparable geographic areas and with companies of similar sizes and stages of development, including other small, high-growth public companies, in structuring and setting our executive compensation. This consideration was based on the general knowledge possessed by members of our Compensation Committee and also included consultations with our Chief Executive Officer. As we continue to gain experience as a public company, we expect that the specific direction, emphasis and components of our executive compensation program will evolve. For example, over time, we expect to reduce our reliance upon subjective determinations in favor of a more empirically based approach that could involve, among other practices, benchmarking the compensation paid to our NEOs against peer companies that we identify and the use of clearly defined, objective targets to determine incentive compensation awards.

Our Compensation Committee typically considers, but is not required to accept, our Chief Executive Officer’s recommendations regarding proposed base salaries, bonus and incentive awards, and equity awards for the other NEOs. The Compensation Committee may also request the assistance of our Chief Financial Officer in evaluating the financial, accounting and tax implications of various compensation awards paid to the NEOs. However, our Chief Financial Officer does not recommend or determine the amounts or types of compensation paid to the NEOs. Our Chief Executive Officer and certain of our other NEOs may attend Compensation Committee meetings, as requested by the chairman of the Compensation Committee. Our NEOs, including our Chief Executive Officer, typically do not attend any portion of the Compensation Committee meetings during which their compensation is established and approved.

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We believe the levels of compensation we provide should be competitive, reasonable and appropriate for our business needs and circumstances. To date, the Compensation Committee has not engaged a compensation consultant. Rather, the Compensation Committee and our Chief Executive Officer have applied subjective discretion to make compensation decisions and have not used a specific formula or matrix to set compensation in relation to compensation paid by other companies. To date, our Compensation Committee has not established any percentile targets for the levels of compensation provided to our NEOs. Similarly, the Compensation Committee has not performed competitive reviews of our compensation programs with those of similarly-situated companies, nor have we engaged in benchmarking of compensation paid to our NEOs. Our historical approach has been to consider competitive compensation practices and other factors such as the level of compensation necessary to recruit and retain an executive and individual performance rather than establishing compensation at specific benchmark percentiles. This approach has enabled us to respond to dynamics in the labor market and provided us with flexibility in maintaining and enhancing our NEOs' engagement, focus, motivation and enthusiasm for our future. However, as mentioned above, we expect to build some of these practices into our compensation approach over time as we continue to review, evaluate and refine our compensation policies and practices as a public company.

In connection with our initial public offering, we reconstituted our Compensation Committee to be comprised of Messrs. Dupree, McQuilkin and Warnock, with Mr. Warnock acting as chair. Each of the members of our Compensation Committee is "independent" within the meaning of applicable Nasdaq listing standards. Our Compensation Committee's charter provides, among other things, that the Compensation Committee's principal duties include (i) reviewing our compensation policies and practices, (ii) reviewing and approving the compensation for our senior executives, (iii) evaluating the performance of our senior executives and (iv) assisting in the Company's compliance with the regulations of the SEC regarding executive compensation disclosure.

The amount of past compensation, including annual bonus and incentive awards and amounts realized or realizable from prior restricted stock and stock option awards, is generally not a significant factor in the Compensation Committee's considerations because these awards would have been earned based on performance in prior years. The Compensation Committee does, however, consider prior awards when considering the retention aspects of our compensation program.

Our NEOs are not subject to mandated stock ownership or stock retention guidelines. Our Compensation Committee believes that the equity component of our executive compensation program ensures that our NEOs are also owners and those components work to align the NEOs' goals with the best interests of our stockholders.

Elements of Our Executive Compensation Program

The principal elements of our executive compensation program have to date been (a) base salary, (b) a discretionary annual cash bonus opportunity for 2009 and prior years, (c) an executive cash and equity incentive arrangement for 2010 and (d) long-term equity compensation in the form of restricted stock and stock options. Each of those compensation elements satisfies one or more of our compensation objectives.

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We have not adopted any policies with respect to long-term versus currently-paid compensation, but feel that both elements are necessary for achieving our compensation objectives. Compensation in the form of a base salary provides financial stability for each of our NEOs and annual increases in base salary provide a reward for short-term Company and individual performance. Annual cash bonuses and incentive awards likewise provide a reward for short-term Company and individual performance. Long-term equity compensation rewards achievement of strategic long-term objectives and contributes toward overall stockholder value. Similarly, while we have not adopted any policies with respect to cash versus non-cash compensation (or among different forms of non-cash compensation), we feel that it is important to encourage or provide for a meaningful amount of equity ownership by our NEOs to help align their interests with those of stockholders, one of our compensation objectives. We have also in the past used equity compensation in order to preserve the Company's cash to the extent practicable in order to facilitate our growth and development. We combine the compensation elements for each NEO in a manner that the Compensation Committee believes, in its discretion and judgment, is consistent with the executive's contributions to our Company and our overall goals with respect to executive compensation.

## Base Salary

We believe that a competitive base salary is an important component of compensation as it provides a degree of financial stability for our NEOs and is critical to recruiting and retaining our executives. Base salary is also designed to recognize the scope of responsibilities placed on each NEO and reward each executive for his or her unique leadership skills, management experience and contributions. We make a subjective determination of base salary after considering such factors collectively.

During February 2010, in anticipation of our initial public offering, we reviewed and made certain adjustments to the base salaries for our NEOs as set forth in the table below. In April 2010, we entered into employment agreements with each of Messrs. Prim, Castaneda, Gunter and Goodwin that provided for continued base salaries at the amounts set forth below.

Name	2009 Base Salary (\$)	2010 Base Salary (\$)
Billy D. Prim	400,000	400,000
Mark Castaneda	225,000	250,000
Michael S. Gunter	173,673	225,000
Duane G. Goodwin	-	250,000
Richard E. Belmont	183,195	200,000

The Committee believed the adjustment in Mr. Castaneda's base salary was appropriate in light of his increased responsibilities associated with our initial public offering. The Committee believed the increases in Mr. Gunter and Mr. Belmont's base salaries were appropriate as a result of their increased responsibilities and efforts in managing Primo's growth.





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Annual Incentive and Bonus Arrangements

2010 Executive Incentive Plan

We established an executive incentive plan for 2010, which included an opportunity for both a cash award and an equity award for our executive officers. The Compensation Committee structured and implemented this plan to motivate our executive officers to achieve our annual strategic and financial goals. The 2010 executive incentive plan provided for cash and equity awards with the following amounts:

• Cash award:

o A cash incentive pool was to be created based upon the amount by which the Company's actual earnings before interest, taxes, depreciation and amortization as adjusted for non-cash non-recurring items ("EBITDA") for 2010 exceeded target EBITDA of \$2.5 million. This cash pool would be funded as follows:

§ 50% of the first \$1.0 million of actual EBITDA in excess of target EBITDA;

plus

§ 30% of the next \$1.0 million of actual EBITDA in excess of target EBITDA;

plus

§ 20% of any actual EBITDA more than \$2.0 million in excess of target EBITDA.

o Each participant in the executive incentive plan for 2010 would then be entitled to the portion of the cash incentive pool equal to that participant's individual 2010 base salary over the total 2010 base salaries of all the participants in the 2010 executive incentive plan multiplied by the total amount in the cash incentive pool.

• Equity award:

o Target amounts were to be based on Company and employee-specific performance; and

o Actual awards, if any, were to be determined in early 2011 and were to be based on the Compensation Committee's subjective evaluation of Primo's and each individual's performance.

Our actual EBITDA for 2010 was \$(1.5) million, which was less than the target EBITDA under the 2010 executive incentive plan. As a result, no cash amounts were paid and no equity awards were made to our executive officers with respect to our 2010 performance.

Discretionary Equity Awards

On March 18, 2011, our Compensation Committee approved grants of equity awards to certain of our executive officers and key employees. The Compensation Committee approved these awards in recognition of the employees' efforts with respect to our successful initial public offering and the recent acquisition transactions as well as the increased responsibilities resulting from being a publicly traded company with significantly larger operations.



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The following table provides information regarding the restricted stock units and stock options:

Name	Restricted Stock Units (#)(1)	Restricted Stock Units \$(2)	Stock Options (#)(3)	Stock Options \$(4)
Billy D. Prim				
Mark Castaneda				
Michael S. Gunter				
Duane G. Goodwin	-	-	-	-
Richard E. Belmont				

(1) These restricted stock units vest

(2) Amounts set forth in this column represent the grant date fair value of restricted stock unit awards computed in accordance with FASB ASC Topic 718. For additional information regarding the assumptions made in calculating these amounts, see the notes to our audited financial statements included in our Annual Report on Form 10-K.

(3) These stock options vest

(4) Amounts set forth in this column represent the grant date fair value of stock option awards computed in accordance with FASB ASC Topic 718. For additional information regarding the assumptions made in calculating these amounts, see the notes to our audited financial statements included in our Annual Report on Form 10-K.

Discretionary Cash Bonuses

We have also from time to time in the past paid discretionary annual cash bonuses to our executive officers. We did not pay any such discretionary cash bonuses with respect to our performance in 2009 or 2010.

The employment agreements for each of Messrs. Prim, Castaneda and Gunter do not provide for specified annual incentive or bonus awards. Instead, these employment agreements simply provide that each such executive is entitled to receive bonuses and awards of equity and non-equity compensation as approved by our Board of Directors.

Long-Term Equity Compensation

Historically, we have provided long-term equity compensation primarily through grants of restricted stock and stock options. We have in the past granted restricted stock and stock options through annually-adopted executive incentive plans, initial grants to new employees and, on occasion, through additional grants approved by our Board of Directors or the Compensation Committee. We intend to continue these practices in the future as we believe that such grants further our compensation objectives of aligning the interests of our NEOs with those of our stockholders, encouraging long-term performance, and providing a simple and easy-to-understand form of equity compensation that promotes executive retention. We view such grants both as incentives for future performance and as compensation for past

accomplishments.

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On February 18, 2010, we made restricted stock awards to our NEOs in the following amounts:

Name	Shares of Restricted Stock (#)(1)	Shares of Restricted Stock (\$)(2)
Billy D. Prim	-(3)	-
Mark Castaneda	23,958	307,608
Michael S. Gunter	14,375	184,562
Duane G. Goodwin	-	-
Richard E. Belmont	14,375	184,562

(1) These shares of restricted stock vest in three equal annual installments on the first, second and third anniversary of the grant date.

(2) Amounts set forth in this column represent the grant date fair value of restricted stock awards computed in accordance with FASB ASC Topic 718. For additional information regarding the assumptions made in calculating these amounts, see the notes to our audited financial statements included in our Annual Report on Form 10-K.

(3) Excludes 12,500 shares of restricted stock issued to Mr. Prim in 2010 in connection with his agreement to personally guarantee the Company's borrowings under the overadvance line under its former senior revolving credit facility. See "Related Party Transactions – Issuance of Restricted Stock to Mr. Prim."

In determining the amounts of the restricted stock grants to each of our executive officers, our Compensation Committee considered each officer's position and level of responsibility at Primo and the officer's individual contribution to Primo's performance.

We adopted a policy in connection with our initial public offering that provides for our Compensation Committee to approve stock option grants up to four times per year at its regularly scheduled quarterly meetings, and further provides that such grants will be effective on the third trading day following the date of the next public disclosure of our financial results following the date of each such meeting.

#### Perquisites and Other Benefits

As a general matter, we do not offer perquisites or other benefits to any executive officer, including the NEOs, with an aggregate value in excess of \$10,000 annually, because we believe we can provide better incentives for desired performance with compensation in the forms described above. We recognize that, from time to time, it may be appropriate to provide some perquisites or other benefits in order to attract, motivate and retain our executives, with any such decision to be reviewed and approved by the Compensation Committee.



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Our executive officers are eligible to participate in customary employee benefit plans, including medical, dental, vision, life and other employee benefit and insurance plans made available to employees. We maintain a 401(k) plan, which is intended to be a tax-qualified defined contribution plan under Section 401(k) of the Internal Revenue Code of 1986, as amended, or the Code. In general, all of our employees are eligible to participate in this plan. The 401(k) plan includes a salary deferral arrangement pursuant to which participants may elect to reduce their current compensation by up to 90% or the statutory limit, \$16,500 in 2010, whichever is less, and have the amount of the reduction contributed to the 401(k) plan. In 2010 our Board of Directors established a company match of up to 50% of employee contributions up to 6% of their salaries, with 50% of the matching amount being contingent upon our achievement of certain objectives to be determined by our Board of Directors. For 2010, the contingent portion of the company match under the 401(k) plan was based upon our achieving EBITDA of \$2.5 million. Since our actual 2010 EBITDA was below this targeted level, this contingent match was not earned for 2010.

## Employment and Severance and Change of Control Benefits

We believe that a strong, experienced management team is essential to the best interests of the Company and our stockholders. We recognize that the possibility of a change of control could arise and that such a possibility could result in the departure or distraction of members of the management team to the detriment of our Company and our stockholders. We entered into employment agreements with Messrs. Prim, Castaneda, Gunter and Goodwin in connection with our initial public offering, which are intended to minimize employment security concerns arising in the course of negotiating and completing a change of control transaction. A more detailed description of the change of control provisions provided in these employment agreements is available under the section captioned "Employment Agreements" below, and the change of control benefits are quantified in the section captioned "Potential Payments Upon Termination or Change of Control." Our separation agreement with Mr. Goodwin is also discussed below under "Employment Agreements".

## Tax Considerations

Other than our Chief Executive Officer, we have not agreed to provide any executive officer or director with a gross-up or other reimbursement for tax amounts the executive might pay pursuant to Section 280G or Section 409A of the Internal Revenue Code. As described in the section below captioned "Employment Agreements," any payments our Chief Executive Officer receives in connection with a change of control may be subject to increase to cover any excise tax imposed by Section 280G of the Internal Revenue Code.

Section 280G and related Code sections provide that executive officers, directors who hold significant stockholder interests and certain other service providers could be subject to significant additional taxes if they receive payments or benefits in connection with a change of control that exceed certain limits, and that we or our successor could lose a deduction on the amounts subject to the additional tax. Section 409A also imposes additional significant taxes on the individual in the event that an executive officer, director or service provider receives "deferred compensation" that does not meet the requirements of Section 409A.

Because of the limitations of Internal Revenue Code Section 162(m), our federal income tax deduction for compensation paid to our Chief Executive Officer and to certain other highly compensated executive officers (other than our Chief Financial Officer) may be limited if the compensation exceeds \$1,000,000 per person during any fiscal year, unless it is "performance-based" under Code Section 162(m) or meets another exception to the deduction limits. In addition to salary and bonus compensation, upon the exercise of stock options that are not treated as incentive stock options, the excess of the current market price over the option price, or the option spread, is treated as compensation and accordingly, in any year, such exercise may cause an officer's total compensation to exceed \$1,000,000. However, option compensation will not be subject to the \$1,000,000 cap on deductibility if the options meet certain requirements, and in the past we have granted options that we believe met those requirements.





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Additionally, under a special Code Section 162(m) transition rule, any compensation paid pursuant to a compensation plan in existence before the effective date of our initial public offering will not be subject to the \$1,000,000 limitation until the first meeting of stockholders at which directors are elected after the close of the third calendar year following the year in which our initial public offering occurred, unless the compensation plan is materially modified. While the Compensation Committee cannot predict how the deductibility limit may impact our compensation programs in future years, the Compensation Committee intends to maintain an approach to executive compensation that links pay to performance. In addition, while the Compensation Committee has not adopted a formal policy regarding tax deductibility of compensation paid to our NEOs, the Compensation Committee intends to consider tax deductibility under Code Section 162(m) as a factor in compensation decisions.

### Risk Analysis of Compensation Program

The Compensation Committee has reviewed the Company's compensation program and does not believe that it encourages excessive or unnecessary risk taking. Base salaries are fixed in amount and thus do not encourage risk taking. By utilizing annual cash bonuses and incentive awards that are tied to individual and Company-wide performance measures and long-term equity compensation as a significant portion of total compensation, the Compensation Committee believes that it has aligned our executive officers' objectives with those of our long-term stockholders.

### Conclusion

The Compensation Committee believes that our executive leadership is a key element to our success and that the compensation package offered to our NEOs is a key element in attracting and retaining the appropriate personnel.

The Compensation Committee believes it has maintained compensation for our NEOs at levels that are reflective of the talent and success of the individuals being compensated, and with the inclusion of additional compensation directly tied to performance, the Compensation Committee believes executive compensation will be sufficiently comparable to its industry peers to allow us to retain our key personnel at costs which are appropriate for us.

The Compensation Committee will continue to develop, analyze and review its methods for aligning our executive officers' long-term compensation with the benefits generated for stockholders. The Compensation Committee believes the idea of creating ownership helps align management's interests with the interests of stockholders. The Compensation Committee has no pre-determined timeline for implementing new or ongoing long-term incentive plans. New plans will be reviewed, discussed and implemented as the Compensation Committee believes necessary or appropriate as a measure to incentivize, retain and reward our NEOs.

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## Executive Compensation Tables

The following tables and related narratives present the compensation for our named executive officers (“NEOs”) for 2009 and 2010.

## I. 2010 Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Stock Awards (\$) (d)	Option Awards (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)
Billy D. Prim	2010	400,000	-	-	3,292	403,292
Chairman, Chief Executive Officer and President	2009	400,000	-	-	138	400,138
Mark Castaneda	2010	243,281	307,608	-	2,398	553,287
Chief Financial Officer	2009	225,000	-	19,399	93	244,492
Michael S. Gunter	2010	211,098	184,562	-	60	395,720
Senior Vice President, Operations	2009	173,363	-	-	62	173,425
Duane G. Goodwin	2010	211,539	-	52,960	2,425	266,924
Former Senior Vice President, Business Development(1)	2009	-	-	-	-	-
Richard E. Belmont	2010	195,476	184,562	-	1,984	382,022
Vice President, Products(2)	2009	183,195	-	11,542	143	194,880

(1) Mr. Goodwin served as Senior Vice President, Business Development from February 15, 2010 through December 22, 2010.

(2) Mr. Belmont serves as Vice President, Products. Following a restructuring of Primo’s internal management reporting structure in February 2010, our Board of Directors determined that Mr. Belmont no longer served as an executive officer of Primo.

## Salaries (Column (c))

Base salaries for Messrs Prim, Castaneda and Gunter are specified in their employment agreements which are described in greater detail in “Employment Agreements” below.

Stock Awards and Option Awards (Columns (d) and (e))

The amounts shown in the “Stock Awards” and “Option Awards” columns represent the aggregate grant date fair value of restricted stock and stock option awards computed in accordance with FASB Accounting Standards Codification Topic 718 (“FASB ASC Topic 718”). For additional information regarding the assumptions made in calculating these amounts, see the notes to our audited financial statements included in our Annual Report on Form 10-K.

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All Other Compensation (Column (f))

Amounts shown in this column consist of life insurance premiums paid on behalf of each NEO and matching contributions to the NEOs' accounts under Primo's 401(k) plan.

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## II. 2010 Grants of Plan Based Awards

The following table shows grants of plan-based awards made to our NEOs during the year ended December 31, 2010.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target (\$)(1)	All Other Stock Awards: Number of Shares of Stock (#)(2)	Grant Date Fair Value of Stock Awards \$(3)
Billy D. Prim	3/5/2010	-0-	-	-
Mark Castaneda	3/5/2010	-0-	-	-
	2/18/10	-	23,957	307,608
Michael S. Gunter	3/5/2010	-0-	-	-
	2/18/10	-	14,374	184,562
Duane G. Goodwin	3/5/2010	-0-	-	-
Richard E. Belmont	3/5/2010	-0-	-	-
	2/18/10	-	14,374	184,562

(1) The amounts in this column relate to cash incentive awards under our 2010 executive incentive plan that provided for potential payments to our NEOs and other employees to the extent that our 2010 earnings before interest, taxes, depreciation and amortization (“EBITDA”) exceeded a targeted level of EBITDA. In accordance with the SEC’s rules, we are including \$-0- as the “representative amount of this award because (a) there was no targeted payout amount with respect to the award and (b) the target level of EBITDA under the 2010 executive incentive plan was above our actual EBITDA for 2009. Primo’s actual 2010 EBITDA was less than target EBITDA under the 2010 executive incentive plan and, as a result, no amounts were paid to our NEOs or other employees pursuant to these cash incentive awards. The material terms of the 2010 executive incentive plan are described in the “Compensation Discussion and Analysis” section beginning on page 21.

(2) Amounts set forth in this column reflect grants of restricted stock under our 2004 Stock Plan. These restricted stock grants vest in equal installments on the first, second and third anniversary of the grant date.

(3) Amounts set forth in this column represent the grant date fair value of the restricted stock awards described in Note (2) above computed in accordance with FASB ASC Topic 718. For additional information regarding the assumptions made in calculating these amounts, see the notes to our audited financial statements included in our Annual Report on Form 10-K.

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## III. Outstanding Equity Awards at Fiscal Year-End 2010

The following table sets forth information regarding outstanding equity awards held by our NEOs as of December 31, 2010.

Name	Option Awards				Stock Awards	
	Number of Shares Underlying Unexercised Options (#) Exercisable(1)	Number of Shares Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$)(2)
Billy D. Prim(3)	9,583	-	10.44	11/01/14	-	-
	21,562	-	10.44	01/01/16	-	-
	1,917	-	13.04	01/25/17	-	-
	9,583	-	20.66	05/01/18	-	-
Mark Castaneda	14,375	-	20.66	05/01/18	-	-
	3,833	-	13.04	01/29/19	-	-
	-	-	-	-	23,957(4)	340,429
Michael S. Gunter	9,583	-	10.44	11/01/14	-	-
	8,625	-	10.44	01/01/16	-	-
	803	-	13.04	01/25/17	-	-
	5,091	-	13.04	01/25/17	-	-
	-	-	-	-	14,374(4)	204,255
Duane G. Goodwin	9,583	-	12.84	02/18/20	-	-
Richard E. Belmont	9,583	-	13.04	09/11/16	-	-
	848	-	13.04	01/25/17	-	-
	3,180	-	20.66	05/01/18	-	-
	2,281	-	13.04	01/29/19	-	-
	-	-	-	-	14,374(4)	204,255

(1) All outstanding unvested options vested in their entirety upon the closing of our initial public offering on November 10, 2010.

(2) The amounts set forth in this column were calculated by multiplying the closing market price of Primo's common stock on December 31, 2010 (\$14.21) by the number of shares held on such date.

(3) Excludes 12,500 shares of restricted stock issued to Mr. Prim in 2010 in connection with his agreement to personally guarantee Primo's borrowings under the overadvance line under our former senior revolving credit facility. See "Related Party Transactions – Issuance of Restricted Stock to Mr. Prim."

(4) These shares vest in equal annual installments on February 18 of 2011, 2012 and 2013.

IV. 2010 Option Exercises and Stock Vested

No stock options held by our NEOs were exercised during the year ended December 31, 2010, and no restricted stock awards held by our NEOs vested during the year ended December 31, 2010.

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## V. 2010 Potential Payments Upon Termination or Change of Control

The following table sets forth the amounts payable to Messrs. Prim, Castaneda, Gunter and Belmont upon termination of his employment under various scenarios or a change of control of Primo, assuming each of the events occurred on December 31, 2010. The amounts set forth in the following table with respect to Mr. Goodwin represent the amount Mr. Goodwin is actually receiving pursuant to the separation arrangement he entered into with Primo in connection with the termination of his employment.

Benefits and Payments Upon Termination	Termination for Cause or without Good Reason	Termination without Cause or for Good Reason	Termination without Cause or for Good Reason following a Change-in- Control	Termination due to Disability	Termination due to Death	Change-in- Control (No Termination)
<b>Billy D. Prim:</b>						
Base Salary(1)	\$ -	\$ 400,000	\$ 800,000	\$ -	\$ -	\$ -
Annual Cash Bonus(2)	-	-	-	-	-	-
Restricted Stock Vesting(3)	-	-	-	-	-	-
Health Insurance(4)	-	8,600	17,200	-	-	-
Life Insurance(4)	-	90	180	-	-	-
Disability Coverage(4)	-	850	1,700	-	-	-
<b>Total:</b>	<b>\$ -</b>	<b>\$ 409,540</b>	<b>\$ 819,080</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Mark Castaneda::</b>						
Base Salary(5)	\$ -	\$ 250,000	\$ 375,000	\$ -	\$ -	\$ -
Annual Cash Bonus(6)	-	-	-	-	-	-
Restricted Stock Vesting	-	113,481 (7)	340,429 (8)	340,429 (9)	340,429 (9)	340,429 (8)
Health Insurance(10)	-	12,540	18,810	-	-	-
Life Insurance(10)	-	90	130	-	-	-
Disability Coverage(10)	-	850	1,275	-	-	-
<b>Total:</b>	<b>\$ -</b>	<b>\$ 376,961</b>	<b>\$ 735,644</b>			