

Primo Water Corp  
Form DEF 14A  
April 13, 2012

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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

Fee paid previously with preliminary materials.

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oCheck 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

April 13, 2012

Dear Stockholder:

We are pleased to invite you to the 2012 annual meeting of stockholders of Primo Water Corporation to be held at 9:00 a.m., Eastern Time, on May 16, 2012 at our corporate headquarters 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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PRIMO WATER CORPORATION  
104 Cambridge Plaza Drive  
Winston-Salem, North Carolina 27104

Notice of 2012 Annual Meeting of Stockholders

- Time and Date: 9:00 a.m., Eastern Time, on Wednesday, May 16, 2012
- Place: Primo Water Corporation's corporate headquarters  
104 Cambridge Plaza Drive  
Winston-Salem, North Carolina 27104
- Items of Business:
1. Election of the two directors nominated by our Board of Directors as Class II directors to serve until the 2015 annual meeting of stockholders;
  2. Approval of the amendment and restatement of our 2010 Omnibus Long-Term Incentive Plan;
  3. Approval of our 2010 Employee Stock Purchase Plan, as amended to increase by 250,000 the aggregate number of shares of our common stock authorized for sale under the plan;
  4. Ratification of the Audit Committee's appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2012; and
  5. Other matters if properly raised.
- Record Date: You may vote at the annual meeting if you were a stockholder of record at the close of business on March 30, 2012.
- Voting: For voting instructions, please refer to your enclosed proxy card or the voting instruction card provided by your bank or broker. Additional information about voting is also included in the accompanying proxy statement. Please vote as soon as possible to record your vote promptly, even if you plan to attend the annual meeting in person.
- Meeting Admission: Attendance at the annual meeting is limited to stockholders as of the close of business on March 30, 2012, 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

April 13, 2012

Important Notice Regarding the Availability of  
Proxy Materials for the 2012 Annual Meeting of Stockholders  
to be held on May 16, 2012

The Proxy Statement and Annual Report to Stockholders for the year ended December 31, 2011 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” or the “Company”) is providing these materials to you in connection with Primo’s annual meeting of stockholders. The annual meeting will take place on Wednesday, May 16, 2012, at 9:00 a.m. Eastern Time. The annual meeting will be held at our corporate headquarters at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104. On or about April 13, 2012, we will begin mailing our stockholders this Proxy Statement, the accompanying form of proxy and our Annual Report on Form 10-K for the year ended December 31, 2011.

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
- our Annual Report on Form 10-K for the year ended December 31, 2011.

What items will be voted on at the annual meeting?

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

- the election of the two directors nominated by our Board of Directors as Class II directors to serve until the 2015 annual meeting of stockholders;
- the approval of the amendment and restatement of our 2010 Omnibus Long-Term Incentive Plan (the “2010 Omnibus Plan”);
- the approval of our 2010 Employee Stock Purchase Plan (the “ESPP”), as amended to increase by 250,000 the aggregate number of shares of our common stock authorized for sale under the plan; and



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the ratification of the Audit Committee's appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2012.

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 II directors to serve until the 2015 annual meeting of stockholders;

“FOR” the approval of the amendment and restatement of the 2010 Omnibus Plan;

“FOR” the approval of the ESPP, as amended to increase by 250,000 the aggregate number of shares of our common stock authorized for sale under the plan; and

“FOR” the ratification of the Audit Committee's appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2012.

Who can attend the annual meeting?

Admission to the annual meeting is limited to:

stockholders as of the close of business on March 30, 2012;

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 30, 2012 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 23,752,816 shares of common stock outstanding.

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.

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How do I vote?

You may vote by any of the following methods:

In person. You 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 mail. You may vote by signing and returning the proxy card or voting instruction card provided.

Beneficial owners of shares held in “street name.” You may vote by following the voting instructions provided by your bank or broker.

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 16, 2012. 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 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.

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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 amendment and restatement of the 2010 Omnibus Plan (“Proposal 2”) and the amendment to the ESPP (“Proposal 3”) 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 and 3.

The ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2012 (“Proposal 4”) 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 4.

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 II directors to serve until the 2015 annual meeting of stockholders.

Proposal 2, Amendment and Restatement of the 2010 Omnibus Plan. The amendment and restatement of the 2010 Omnibus Plan will be 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.

Proposal 3, Amendment to the ESPP. The ESPP, as amended to increase the aggregate number of shares of our common stock authorized for sale thereunder, will be 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.

Proposal 4, 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 2012 will be 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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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, the amendment and restatement of the 2010 Omnibus Plan and the amendment to the ESPP. 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 2012, 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, 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.

What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2013 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 2013 annual meeting of stockholders must be received no later than December 14, 2012. 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 2013 Annual Meeting of Stockholders. Notice of any director nomination or other proposal that you intend to present at the 2013 annual meeting of stockholders, but do not intend to have included in the proxy statement and form of proxy relating to the 2013 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 16, 2013 and not later than the close of business on February 15, 2013. 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 2013 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 30, 2012 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 30, 2012 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 (%) <sup>(1)</sup>
Billy D. Prim	2,553,669 (2)	10.7
American Century Investment Management, Inc.	1,684,572 (3)	7.1
Richard A. Brenner	70,228 (4)	*
Jack C. Kilgore	17,876 (5)	*
Malcolm McQuilkin	358,623 (6)	1.5
David L. Warnock	1,034,355 (7)	4.3
Mark Castaneda	107,137 (8)	*
Michael S. Gunter	43,987 (9)	*
Directors, director nominees and current executive officers as a group (7 individuals)	4,185,873	21.0



\* Represents beneficial ownership of less than 1.0%.

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- (1) A total of 23,752,816 shares of common stock were outstanding on March 30, 2011.
- (2) Consists of (a) 2,277,056 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) 55,977 shares of common stock issuable upon the exercise of stock options held directly that are presently exercisable or become exercisable within 60 days of the record date; (d) 6,667 shares of common stock issuable upon the vesting of restricted stock units which vest in full within 60 days of the record date; (e) 4,791 shares of common stock held by BD Prim, LLC (as to which he has shared voting and investment power); (f) 4,791 shares held by the Billy D. Prim Revocable Trust (as to which he has shared voting and investment power); (g) 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); (h) 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); (i) 4,791 shares of common stock held by the 2010 Irrevocable Trust fbo Jager Gray In Dean Bellissimo (as to which he has shared voting and investment power); and (j) 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 from a Schedule 13G filed with the SEC on February 10, 2012 in which Stowers Institute for Medical Research and American Century Companies, Inc. are reported as parent holding companies or control persons, American Century Investment Management, Inc. is reported as an investment advisor and a wholly-owned subsidiary of American Century Companies, Inc. and American Century Capital Portfolios, Inc. is reported as an investment company and subsidiary of American Century Companies, Inc. Stowers Institute for Medical Research, American Century Companies, Inc. and American Century Investment Management, Inc. are reported as the beneficial owners of 1,684,572 shares of the Company's common stock with sole voting power with respect 1,607,102 shares and sole power to dispose or direct the disposition of 1,684,572 shares. American Century Capital Portfolios, Inc. is reported as the beneficial owner of 1,311,523 shares of the Company's common stock with sole voting power with respect 1,311,523 shares and sole power to dispose or direct the disposition of 1,311,523 shares. The address for each of the entities listed in this footnote three is 4500 Main Street, 9th Floor, Kansas City, Missouri 64111.
- (4) Consists of (a) 57,863 shares of common stock held directly, which includes 1,916 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) 4,224 shares of common stock issuable upon the exercise of options held directly that are presently exercisable or become exercisable within 60 days of the record date; (d) 892 shares of common stock issuable upon the vesting of restricted stock units which vest in full on May 20, 2012; (e) 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 (f) 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.
- (5) Consists of (a) 15,060 shares of common stock held directly; (b) 1,924 shares of common stock issuable upon the exercise of options held directly that are presently exercisable or become exercisable within 60 days of the record date; and (c) 892 shares of common stock issuable upon the vesting of restricted stock units which vest in full on May 20, 2012.
- (6)

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Consists of (a) 5,749 shares of common stock held directly, which includes 1,916 restricted common stock over which Mr. McQuilkin has voting but not investment power; (b) 12,657 shares of common stock issuable upon the exercise of options held directly that are presently exercisable or become exercisable within 60 days of the record date; (c) 892 shares of common stock issuable upon the vesting of restricted stock units which vest in full on May 20, 2012; (d) 307,858 shares of common stock held by the Malcolm McQuilkin Living Trust; and (e) 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. McQuilkin expressly disclaims beneficial ownership of any such securities held in the trust, except to the extent of his pecuniary interest therein, if any.

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- (7) Consists of (a) 5,749 shares of common stock held directly, which includes 1,916 restricted common stock over which Mr. Warnock has voting but not investment power; (b) 4,224 shares of common stock issuable upon the exercise of options held directly that are presently exercisable or become exercisable within 60 days of the record date; (c) 892 shares of common stock issuable upon the vesting of restricted stock units which vest in full on May 20, 2012; (d) 888,563 shares of common stock held by Camden Partners Strategic Fund III, L.P.; (e) 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; (f) 36,928 shares of common stock held by Camden Partners Strategic Fund III-A, L.P.; and (g) 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.
- (8) Consists of (a) 69,402 shares of common stock held directly, which includes 7,985 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; (c) 28,208 shares of common stock issuable upon the exercise of options held directly that are presently exercisable or become exercisable within 60 days of the record date; and (d) 5,000 shares of common stock issuable upon the vesting of restricted stock units which vest in full within 60 days of the record date.
- (9) Consists of (a) 9,582 shares of common stock held directly, which includes 4,791 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; (c) 30,769 shares of common stock issuable upon the exercise of options held directly that are presently exercisable or become exercisable within 60 days of the record date; (d) 3,334 shares of common stock issuable upon the vesting of restricted stock units which vest in full within 60 days of the record date.

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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. Malcolm McQuilkin and David L. Warnock are both nominated as Class II directors to serve three-year terms until the annual meeting of stockholders in 2015 and until their successors are elected and qualified. Mr. McQuilkin and Mr. Warnock are both current members of our Board of Directors and 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 2015 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 Malcolm McQuilkin and David L. Warnock 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 2013 (our Class III director) and 2014 (our Class I 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
Malcolm McQuilkin	65	President, Blue Rhino Global Sourcing, LLC	2005	II
David L. Warnock	54	Managing Member, Camden Partners Holdings, LLC	2005	II
Name of Continuing Director	Age	Principal Occupation	Director Since	Director Class
Jack C. Kilgore	63	President, Consumer Products Division, Rich Products Corporation	2011	I
Billy D. Prim	56	Chairman, Chief Executive Officer and President, Primo Water Corporation	2004	I
Richard A. Brenner	48	Chief Executive Officer, Amarr Garage Doors	2005	III

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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 Computer Credit, Inc., and was a member of the board of directors of Blue Rhino Corporation from 1998 to 2004, as well as Wake Forest University Health Sciences Board from 2009 to 2011. 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

Mr. McQuilkin is the President of Blue Rhino Global Sourcing, LLC (an import and design company and a wholly-owned subsidiary of Ferrellgas Propane Partners) and was the Chief Executive Officer of Uniflame, Inc. from 1990 until it was acquired by Blue Rhino Global Sourcing, LLC in 2000. As the current President 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, Inc., 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	Chair		Chair
Jack C. Kilgore	X	X	
Malcolm McQuilkin		X	X
David L. Warnock	X	Chair	X



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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.”

**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 six times in 2011.

Our Board of Directors has determined that Mr. Brenner 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 four times in 2011.

**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 act