Primo Water Corp
Form S-1/A
June 28, 2010

Table of Contents

As filed with the Securities and Exchange Commission on June 28, 2010

Registration No. 333-165452

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

Amendment No. 3
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PRIMO WATER CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**5149**	**30-0278688**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

104 Cambridge Plaza Drive
Winston-Salem, North Carolina 27104
(336) 331-4000
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Mark Castaneda
Chief Financial Officer
Primo Water Corporation
104 Cambridge Plaza Drive
Winston-Salem, North Carolina 27104
(336) 331-4000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please send copies of all communications to:

D. Scott Coward
K&L Gates LLP
4350 Lassiter at North Hills Avenue
Suite 300
Raleigh, NC 27609

Rachel W. Sheridan
Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, DC 20004-1036

(919) 743-7328 **(202) 637-2200**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer þ Smaller reporting company o
(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 28, 2010

IPO PRELIMINARY PROSPECTUS

Shares

Primo Water Corporation

Common Stock

$ per share

This is an initial public offering of common stock of Primo Water Corporation. We are offering shares of common stock. We currently expect the initial public offering price to be between $ and $ per share.

Prior to this offering, there has been no public market for our common stock. We have applied for approval to list our common stock on the Nasdaq Global Market under the symbol .

We plan to use certain proceeds of this offering as well as the issuance of additional shares of our common stock directly to Culligan Store Solutions, LLC to fund the Culligan Refill Acquisition promptly following the closing of this offering. The closing of this offering is a condition precedent to the closing of the Culligan Refill Acquisition, and we do not intend to close this offering unless we believe the Culligan Refill Acquisition will close promptly thereafter.

Investing in our common stock involves risks. See Risk Factors beginning on page 13.

	Per Share	Total
Initial price to public	$	$
Underwriting discount and commissions	$	$
Proceeds, before expenses, to Primo Water Corporation	$	$

We have granted the underwriters a 30-day option to purchase up to an additional shares of common stock from us at the initial public offering price less the underwriting discount if the underwriters sell more than shares of common stock in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Wells Fargo Securities **Thomas Weisel Partners LLC**

BB&T Capital Markets

Signal Hill

The date of this prospectus is , 2010.

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Risk Factors	13
Cautionary Note Regarding Forward-Looking Statements	32
Use of Proceeds	33
Dividend Policy	34
Capitalization	35
Dilution	37
Unaudited Pro Forma Consolidated Financial Data	40
Selected Historical Consolidated Financial and Other Data	45
Management s Discussion and Analysis of Financial Condition and Results of Operations	47
Business	63
Culligan Refill Acquisition	83
Management	96
Executive Compensation	103
Principal Stockholders	128
Related Party Transactions	132
Description of Capital Stock	138
Shares Eligible for Future Sale	144
Material U.S. Federal Income and Estate Tax Considerations For Non-U.S. Holders of Our Common Stock	147
Underwriting	151
Legal Matters	158
Experts	158
Change In Independent Registered Accounting Firm	158
Where You Can Find More Information	158
Index to Consolidated Financial Statements	F-1
EX-16.1	
EX-23.1	
EX-23.2	

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different from that contained in this prospectus. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any state where the offer or sale is not permitted. The information in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Primo®, Taste Perfection®, Zero Waste. Perfect Taste™, *www.primowater.com*, the Primo logo and other trademarks or service marks of Primo Water Corporation appearing in this prospectus are the property of Primo Water Corporation. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of the respective owners.

Industry and Market Data

We obtained the industry and market data used throughout this prospectus through our research, surveys and studies conducted by third-parties and industry and general publications. Some data are also based on our good faith estimates, which are derived from our review of internal surveys, as well as independent industry publications, government publications, reports by market research firms or other published sources. None of the independent industry publications referred to in this prospectus were prepared on our behalf or at our expense. The foregoing discussion does not, in any manner, disclaim our responsibilities with respect to the disclosures contained in this prospectus.

Dealer Prospectus Delivery Obligation

Until , 2010 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information about our Company and this offering contained elsewhere herein and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. You should read this entire prospectus carefully, including Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations , Culligan Refill Acquisition Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes included elsewhere herein, before making an investment decision. In this prospectus, unless otherwise specified or the context otherwise requires, the terms Primo, we, us, our, our Company, or ours refer to Primo Water Corporation an consolidated subsidiaries but do not refer to or include information about (a) our former subsidiary, Prima Bottled Water, Inc., which was spun off to our stockholders effective December 31, 2009, or (b) the business and assets we propose to acquire from Culligan Store Solutions, LLC and Culligan of Canada, Ltd. that are described below under Culligan Refill Acquisition .

Our Business

We are a rapidly growing provider of three- and five-gallon purified bottled water and water dispensers sold through major retailers nationwide. We believe the market for purified water is growing due to evolving taste preferences, perceived health benefits and concerns regarding the quality of municipal tap water. Our products provide an environmentally friendly, economical, convenient and healthy solution for consuming purified water. Our business is designed to generate recurring demand for Primo purified bottled water through the initial sale of our innovative water dispensers. This business strategy is commonly referred to as razor-razorblade because the initial sale of a product creates a base of users who frequently purchase complementary consumable products. We believe dispenser owners consume an average of 35 multi-gallon bottles of water annually. Once our bottled water is consumed using a water dispenser, empty bottles are exchanged at our recycling center displays where consumers receive a recycling ticket that offers a discount toward the purchase of a full bottle of Primo purified water. Each of our three- and five-gallon water bottles can be sanitized and reused up to 40 times before being taken out of use, crushed and recycled, substantially reducing landfill waste compared to consumption of equivalent volumes of single-serve bottled water. As of December 31, 2009, our water bottle exchange service and water dispensers were offered in each of the contiguous United States and located in approximately 7,000 and 5,500 retail locations respectively, including Lowe s Home Improvement, Sam s Club, Costco, Walmart, Target, Kroger, Winn-Dixie, Albertsons and Walgreens.

We have created a new nationwide single-vendor water bottle exchange solution for our retail customers, addressing a market demand that we believe was previously unmet. Our water bottle exchange solution is easy for retailers to implement, requires minimal management supervision and store-based labor and provides centralized billing and detailed performance reports. Our solution offers retailers attractive financial margins and the ability to optimize typically unused retail space with our displays. Additionally, due to the recurring nature of water consumption and water bottle exchange, retailers benefit from year-round customer traffic and highly predictable revenue.

We deliver our solution to retailers utilizing our current relationships with 55 independent bottlers and 27 independent distributors and our two Company-owned distribution operations, which Company-owned operations accounted for approximately 23.5% of our water bottle exchange volume in 2009. We refer to these independent bottlers and distributors together with our Company-owned distribution operations as our national network. Our independent bottlers and distributors typically have already made the capital investment required to deliver our solution, including investment in bottling facilities and storage and distribution assets. Our independent bottlers are responsible for the water purification and bottling process and use their own equipment to complete this process.

We focus our capital expenditures on developing new retail relationships, installing displays at store locations, raising brand awareness, research and development for new products and maintaining our management information system (MIS) tools. We are able to manage our national network on a

1

real-time basis through our MIS tools, which provide resource planning and delivery schedule tracking, thus enabling us to optimize our network s assets and respond to customer needs. In addition, our national network benefits from the recurring nature of water consumption and water bottle exchange that generates year-round demand and optimizes utilization of existing production and distribution assets. We believe our solution and national network provide us a significant competitive advantage in servicing our retail customers.

We currently source three- and five-gallon water bottles from multiple independent vendors for use in our exchange service and all of our water dispensers are manufactured by independent suppliers in China.

We benefit significantly from management experience gained over the last 15 years in exchange-based businesses, which enables us to implement best practices and develop and maintain key business relationships. Prior to founding Primo, our Chief Executive Officer founded Blue Rhino Corporation, a propane cylinder exchange business, in 1994 and, with several of our other key executive officers, led its initial public offering in 1998 and successful sale in 2004. At the time of the sale, we believe Blue Rhino was a market leader in propane grill cylinder exchange with over 29,000 retail locations in 49 states.

Culligan Refill Acquisition

On June 1, 2010, we entered into an asset purchase agreement with Culligan Store Solutions, LLC and Culligan of Canada, Ltd. (together with Culligan International Company, Culligan) to purchase certain of Culligan s assets related to its business of providing reverse osmosis water filtration systems that generate filtered water for refill vending machines and store-use water services in the United States and Canada at approximately 4,500 retail locations. This business also sells empty reusable water bottles for use at refill vending machines (such businesses are together referred to as the Culligan Refill Business). Pursuant to the asset purchase agreement, we will purchase these assets (the Culligan Refill Acquisition) for a total purchase price of $105.0 million, consisting of a cash payment of $60.0 million and the issuance of shares of our common stock with a value of $45.0 million.

The Company has structured the Culligan Refill Acquisition such that its closing should occur promptly following the closing of this offering, and we do not intend to consummate this offering on the terms described in this prospectus unless we believe the Culligan Refill Acquisition will close promptly thereafter. We have structured the transactions in this manner because the proceeds of this offering are necessary to fund the cash portion of the purchase price in the Culligan Refill Acquisition. The asset purchase agreement setting forth the terms of the Culligan Refill Acquisition provides that the closing of this offering is a condition precedent to the closing of the Culligan Refill Acquisition. We expect all other conditions precedent set forth in the asset purchase agreement will be met prior to the consummation of this offering such that the Culligan Refill Acquisition will close promptly after the consummation of this offering.

The Culligan Refill Business provides filtered water through the installation and servicing of reverse osmosis water filtration systems. Retailers benefit from the reverse osmosis water filtration systems as they ensure water used throughout a store is clean and safe for self-serve refill vending and store-use services, such as food preparation and hydration of produce. Customers of the Culligan Refill Business include Walmart, Safeway, Meijer, Sobeys, Target, Hy-Vee and Kroger. For the year ended December 31, 2009, the Culligan Refill Business generated revenues of $26.0 million and net income of $4.3 million. Approximately 84% of the Culligan Refill Business s revenues were generated in the United States, with operations in 48 states, and approximately 16% of its revenues were generated in Canada across 10 provinces. The Culligan Refill Business s revenues are driven by self-serve refill vending services and empty reusable water bottle sales, which account for approximately 76% and 16% of its revenues, respectively, and to a lesser extent by store-use services.

The Culligan Refill Business provides us with an established platform to expand into the self-serve drinking water refill business. We believe the Culligan Refill Business is highly complementary to our

2

Table of Contents

water bottle exchange business from both a product and operational perspective. We believe the Culligan Refill Acquisition will:

- provide additional consumer value and convenience;
- augment our environmentally friendly product offering;
- allow us to leverage our marketing and increase the sales of our water dispensers;
- enhance our ability to provide retail customers a broad range of hydration solutions;
- deepen our retail customer relationships through a more extensive product offering;
- expand our retail customer base and geographic presence;
- strengthen our distribution network;
- increase our knowledge base of the refill segment and add experienced personnel; and
- provide a source of stable, dependable cash flows to fund future growth.

Upon consummation of the Culligan Refill Acquisition, we will report Refill as a third reportable segment in our consolidated financial statements for periods following the closing of the acquisition. The table below sets forth on a pro forma basis our net sales (total and by segment), loss from operations and net loss for the periods presented:

	Pro Forma	
	For Year Ended December 31, 2009	**For Three Months Ended March 31, 2010**
	(in thousands)	
Segment Net Sales:		
Exchange	$ 22,638	$ 5,541
Products	22,824	2,909
Refill	26,017	6,109
Other	1,611	383
Inter-company elimination	(92)	(4)
Total Net Sales	$ 72,998	$ 14,938
Loss from Operations	$ (106)	$ (530)
Net Loss	$ (7,533)	$ (1,517)

In connection with the closing of this offering and the completion of the Culligan Refill Acquisition, we intend to enter into a new $40.0 million senior revolving credit facility that will replace our current senior revolving credit facility.

Culligan Asset Purchase Agreement

On June 1, 2010, we entered into an asset purchase agreement with Culligan to purchase the assets related to the Culligan Refill Business for a total purchase price of $105.0 million consisting of:

- a cash payment of $60.0 million; and

- the issuance of shares of our common stock with a value of $45.0 million based upon the price that we issue shares in this offering (or shares, assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus).

The purchase price for the Culligan Refill Business is subject to a working capital adjustment that is to be finally determined after the closing of the transaction. There will be a dollar-for-dollar adjustment to the purchase price if the actual working capital amount is above or below the target working capital of approximately $2.0 million. The cash portion of the purchase price will be increased and the number

Table of Contents

of shares of common stock we will issue will be decreased by an amount equal to the net cash proceeds we receive from any exercise of the underwriters over-allotment option. We will also assume certain specifically identified liabilities in connection with the Culligan Refill Acquisition.

The asset purchase agreement contains customary representations, warranties, covenants and conditions to closing. Certain conditions to closing include (a) the closing of the initial public offering and (b) the receipt of the permits necessary to operate the vended water machines representing not less than 80% of the aggregate revenue of all vended water machines for fiscal year 2009.

In connection with the closing of the Culligan Refill Acquisition, we have entered or will enter into a trademark license agreement, two transition services agreements, a dealer services agreement, a non-compete agreement, a supply agreement, a lock-up agreement, a registration rights agreement and employment agreements with two senior managers. See Management s Discussion and Analysis of Financial Condition and Results of Operations Culligan Refill Acquisition Agreements for a more detailed description of each of these agreements.

Industry Overview

We believe there are several trends that support consumer demand for our water bottle exchange service, water dispensers and, following the Culligan Refill Acquisition, refill vending services, including the following:

Emphasis on Health and Wellness

As part of a desire to live a healthier lifestyle, we believe consumers are increasingly focused on drinking more water relative to consumption of high caloric beverages, carbonated soft drinks and beverages containing artificial sweeteners.

Concerns Regarding Quality of Municipal Tap Water

Many consumers purchase purified water not only due to better taste, but also because of concerns regarding municipal tap water quality. Municipal water is typically surface water that is treated centrally and pumped to homes, which can allow additional contaminants to dissolve into the water through municipal or household pipes impacting taste and quality.

Growing Preference for Purified Water

We believe consumer preference toward purified water relative to tap water continues to grow as purified water has become accepted on a mainstream basis. According to a June 2009 report by independent market analyst Datamonitor, *Bottled Water in the United States*, consumers spent $18.4 billion in 2008 on bottled water and the bottled water industry is expected to grow at a compound annual growth rate of approximately 7.5%, reaching $26.5 billion by 2013.

Increasing Demand for Products with Lower Environmental Impact

We believe that consumers are increasingly favoring products with a lower environmental impact with a reuse, recycle, reduce mindset becoming a common driver of consumer behavior. Most single-serve polyethylene terephthalate (PET) water bottles are produced using fossil fuels and contribute to landfill waste given that only 27% of PET bottles are recycled according to a November 2009 Environmental Protection Agency report. Governmental legislation also reflects these concerns with numerous initiatives enacted to either tax purchases of beverages in plastic bottles or prohibit their use within government facilities or disposal in community landfills.

Availability of an Economical Water Bottle Exchange Service and Innovative Water Dispensers

Based on estimates derived from industry data, we believe the current household penetration rate of multi-gallon water dispensers is approximately 4%, with the vast majority of these households utilizing traditional home delivery services. We believe the lack of innovation, design enhancement and functionality and the retail pricing structure of our competitors dispenser models have prevented greater household adoption. Compounding these issues, we believe there previously was no economical water bottle exchange service with major retailer relationships nationwide to promote dispenser usage beyond the traditional home delivery model. We believe there are over 200,000 major retail locations throughout the United States and Canada that we can target to sell our dispensers or offer our water bottle exchange service and, following the Culligan Refill Acquisition, refill vending services.

Our Competitive Strengths

We believe that Primo s competitive strengths include the following:

Appeal to Consumer Preferences

Environmental Awareness. Our water bottle exchange service incorporates reuse of existing bottles, recycles water bottles when their lifecycle is complete and reduces landfill waste and fossil fuel usage compared to alternative methods of bottled water consumption.

Value. We provide consumers the opportunity for cost savings when consuming our bottled water compared to both single-serve bottled water and typical home and office delivery services. Our water dispensers are sold at attractive retail prices in order to enhance consumer awareness and adoption of our water bottle exchange service, increase household penetration and drive sales of our bottled water.

Convenience. Our water bottle exchange service and water dispensers are available at major retail locations nationwide. In addition, our water bottle exchange service provides consumers the convenience of exchanging empty bottles and purchasing full bottles at any participating retailer. We offer three- and five-gallon water bottle options to address different consumer volume preferences.

Taste. We have dedicated significant time and effort to develop our water purification process and formulate the proprietary blend of mineral ingredients included in Primo purified water. We believe that Primo purified water has a silky smooth taste and in an independent taste test that we commissioned, four out of five participants preferred Primo purified water over municipal tap water and three out of four participants preferred Primo purified water over their region s market-leading bottled water.

Health and Wellness. As part of a desire to live a healthier lifestyle, we believe that consumers are increasingly focused on drinking more water relative to consumption of other beverages. As we raise our brand awareness, we believe consumers will recognize that our water bottle exchange service is an effective option for their purified water consumption needs.

Key Retail Relationships Served by Nationwide Single-Vendor Solution

We believe we are the only water bottle exchange provider with a single-vendor solution for retailers nationwide. Our national network utilizes our MIS tools and processes to optimize their production and distribution assets while servicing our retail customers. We believe the combination of our major retail relationships, unique single-vendor solution for retail customers, national network and our MIS tools is difficult to replicate. We anticipate these factors will facilitate our introduction of new purified water-related products in the future.

Ability to Attract and Retain Consumers

We offer razor-razorblade products designed to generate recurring demand for Primo purified bottled water (the razorblade) through the initial sale of our innovative water dispensers (the razor), which include a coupon for a free three- or five-gallon bottle of Primo purified water. We acquire new consumers and enhance recycling efforts by accepting most dispenser-compatible water bottles in exchange for a recycle ticket discount toward the purchase of a full bottle of Primo purified water. In addition, we believe our offering high-quality water dispensers enhances consumer awareness and adoption of our water bottle exchange service, increases household penetration and drives sales of our bottled water.

Efficient Business Model

Our business model allows us to efficiently offer our solution to our retail partners and centrally manage our national network without a substantial capital investment. We believe our business processes and MIS tools enable us to manage the bottling and distribution of our water, our product quality, retailer inventory levels and the return of used bottles on a centralized basis, leveraging our invested capital and personnel. We believe our water bottle exchange service is unique in that we are not required to make a significant portion of the capital investment required to operate our exchange service nationwide and our independent bottlers and distributors often are able to augment their current production capacity and leverage their existing bottling and distribution assets. In addition, the flow of payments between the retailer and our bottlers and distributors is controlled efficiently through electronic data interchange.

Benefit from Management s Proven Track Record

We benefit greatly from management experience gained over the last 15 years in exchange businesses to implement and refine best practices and develop and maintain key business relationships. In addition to our Chief Executive Officer, our Chief Financial Officer, Senior Vice President of Operations, Vice President of Product Development and Vice President of National Accounts all held comparable positions within the Blue Rhino organization during its rapid sales and location growth. We believe this experience combined with our nationwide single-vendor solution contributed to Walmart s recent decision to name Primo category manager for water bottle exchange and water dispensers.

Growth Strategy

We seek to increase our market share and drive further growth in our business by pursuing the following strategies:

Increase Penetration with Existing Retail Relationships and Develop New Retail Relationships

We believe we have significant opportunities to increase store penetration with our existing retail relationships. As of December 31, 2009, our water bottle exchange service was offered at 6,000 of our top ten retailers nationwide locations. Such retailers present us an opportunity of approximately 7,500 additional nationwide locations. As of December 31, 2009, the Culligan Refill Business was offered at approximately 3,400 of its top ten retailers locations. Such retailers present the Culligan Refill Business an opportunity of approximately 6,600 additional locations.

There is minimal overlap of fewer than 100 locations where our water bottle exchange service is offered and the Culligan Refill Business is operated. Following the Culligan Refill Acquisition, we intend to further penetrate our other existing retail customers with both our water bottle exchange service and the Culligan Refill Business which collectively provide us the opportunity to be present in more than 20,000 additional locations.

Our long-term strategy includes targeting more than 50,000 total retail store locations (which includes new locations with our existing retail customers) within our primary retail categories of home centers, hardware stores, mass merchants, membership warehouses, grocery stores, drug stores and discount general merchandise stores for our water bottle exchange service or the Culligan Refill

Business. We believe that the introduction of additional hydration solutions to our product portfolio will allow us to cross-sell products to our existing and newly-acquired retail customers.

Drive Consumer Adoption Through Innovative Water Dispenser Models

We intend to continue to develop and sell innovative water dispensers at attractive retail prices, which we believe is critical to increasing consumer awareness and driving consumer adoption of our water bottle exchange service. We believe our water dispensers have appealing features that will continue to drive consumer adoption. Since we first began selling our water dispensers in 2005, we have sold over 520,000 units and have expanded our retail network from four locations as of December 31, 2007, to our current network of approximately 5,500 locations. Our long term strategy is to provide multiple purified water-based-beverages from a single Primo water dispenser, with consistent promotion of our water bottle exchange and, following the Culligan Refill Acquisition, refill vending services to supply the purified water.

Increase Same Store Sales

We sell our water dispensers at minimal margin and provide a coupon for a free three- or five-gallon bottle of water with the sale of various water dispensers at certain retailers to drive consumer demand for our water bottle exchange and, following the Culligan Refill Acquisition, refill vending services. We believe increasing unit sales of Primo purified bottled water is dependent on generating greater consumer awareness of the environmentally friendly and economical aspects of and the convenience associated with our purified bottled water and our water bottle exchange and, following the Culligan Refill Acquisition, refill vending services. We expect that our branding, marketing and sales efforts will result in greater usage of our water bottle exchange and, following the Culligan Refill Acquisition, refill vending services.

Develop and Install Other Hydration Solutions

We believe we have significant opportunities to leverage our national network and our systems and processes to offer other environmentally friendly, economical, convenient and healthy hydration solutions to our retail partners without significant increases in our centralized costs. For example, the Culligan Refill Business will provide us an established platform to offer our retail partners self-service refill vending machines that dispense drinking water into empty reusable bottles. In addition, we intend to offer our retail partners automated, self-bagging purified ice dispensers.

Pursue Strategic Acquisitions to Augment Geographic and Retail Relationships

In addition to the Culligan Refill Acquisition, we believe opportunities exist to expand through selective acquisitions, including smaller water bottle exchange businesses with established retail accounts, other on-premises self-service water refill vending machine networks and retail accounts, ice dispenser machine networks and retail accounts and water dispenser companies.

Risk Factors

Our business is subject to numerous risks, as more fully described in the section entitled Risk Factors beginning on page 13. You should carefully consider these risks before deciding to invest in our common stock. These risks include, among others:

- We have incurred operating losses in the past and may incur operating losses in the future.

We depend on a small number of large retailers for most of our consumer sales. Our arrangements with these retailers for our bottled water exchange services and sales of our water dispensers are nonexclusive and may be terminated at will.

The loss of one or more of the largest retail customers of the Culligan Refill Business could materially adversely affect our business after the completion of the Culligan Refill Acquisition.

Table of Contents

The success of our business depends on retailer and consumer acceptance of our water bottle exchange service and water dispensers.

In our bottled water business, we depend on independent bottlers, distributors and suppliers for our business to operate.

We may experience difficulties in integrating the Culligan Refill Business with our current business and may not be able to fully realize all of the anticipated synergies from the Culligan Refill Acquisition.

We operate in a highly competitive industry, face competition from companies with far greater resources than we have and could encounter significant competition from these companies in our niche market of water bottle exchange services and related products.

If our bottled water became contaminated, our business could be seriously harmed.

While many members of our senior management have experience as executives of a products and exchange services business, there can be no assurances that this experience and past success will result in our business becoming profitable.

Interruption or disruption of our supply chain, distribution channels or national network could adversely affect our business, financial condition and results of operations.

If we lose key personnel, in particular our Chairman, President and Chief Executive Officer, Billy D. Prim, or are unable to recruit qualified personnel, our ability to implement our business strategies could be delayed or hindered.

We depend on key management information systems.

Our Corporate Information

We were incorporated as a Delaware corporation on October 20, 2004. Our headquarters are located at 104 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104 and our telephone number is (336) 331-4000. Our website is *www.primowater.com*. Information on, or accessible through, our website is not a part of and is not incorporated into this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

Table of Contents

THE OFFERING

Issuer	Primo Water Corporation
Common stock offered by us	shares (shares if the underwriters over-allotment option is exercised in full)
Common stock to be outstanding after this offering	shares (shares if the underwriters over-allotment option is exercised in full)

Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $ million (or approximately $ million if the underwriters over-allotment option is exercised in full), assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus.
	
	We intend to use the net proceeds from this offering together with approximately $ in borrowings under our new senior revolving credit facility for the following purposes:
	
	$ to pay the cash portion of the purchase price for the Culligan Refill Acquisition;
	
	$ to redeem a portion of our outstanding Series B preferred stock and to pay accrued and unpaid dividends on all of our outstanding Series B preferred stock;
	
	$ to repay our 14% subordinated convertible notes due March 31, 2011;
	
	$ to repay borrowings under our current senior revolving credit facility; and
	
	$ to pay fees and expenses in connection with all of the foregoing items.
	
	If the underwriters exercise their over-allotment option, the cash portion of the purchase price for the Culligan Refill Acquisition will be increased and the number of shares of common stock we will issue to Culligan will be decreased by an amount equal to the net cash proceeds we receive as a result of such exercise. See Use of Proceeds.

Dividend policy	

	We currently do not intend to pay any cash dividends on our common stock.
Conflict of Interest	Because more than 5% of the net offering proceeds will be used to retire the balance of our current senior revolving credit facility under which Wells Fargo Bank, N.A. is the lender, its affiliate, Wells Fargo Securities, LLC (one of the underwriters for this offering), is deemed to have a conflict of interest under Rule 2720 of the Financial Industry Regulatory Authority, Inc. (or FINRA). Accordingly, this offering will be conducted in accordance with the requirements of

	Rule 2720. For more information, see Use of Proceeds and Underwriting Conflict of Interest.
Risk factors	You should carefully read and consider the information set forth under Risk Factors, together with all of the other information set forth in this prospectus, before deciding to invest in shares of our common stock.
Proposed Nasdaq Global Market symbol	We have applied to list our common stock on the Nasdaq Global Market under the symbol .

The number of shares of our common stock that will be outstanding after this offering is based on shares of common stock outstanding as of , 2010. Unless otherwise indicated, all information in this prospectus, including the number of shares that will be outstanding after this offering and other share-related information:

- reflects a -for- reverse stock split of our common stock that will occur immediately prior to the closing of this offering;
- reflects the conversion of our Series A convertible preferred stock and our Series C convertible preferred stock into common stock immediately prior to the closing of this offering;
- reflects the conversion of 50% of our Series B preferred stock into common stock immediately prior to the closing of this offering at a ratio of : , which is calculated by dividing the liquidation preference of the Series B preferred stock by 90% of an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus;
- reflects the redemption of the remaining 50% of our Series B preferred stock and the payment of all accrued and unpaid dividends on our Series B Preferred Stock immediately following this offering;
- reflects our issuance of shares of our common stock with a value of $45.0 million (or shares assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus) to fund a portion of the purchase price for the Culligan Refill Acquisition;
- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our Series B preferred stock that will, subject to certain exceptions, expire May 31, 2016;
- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our Series C convertible preferred stock that will expire days after the closing of this offering;
- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued to a third party that will expire days after the closing of this offering;
- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our 14% subordinated convertible notes due March 31, 2011 that will expire December 30, 2019;
- excludes an aggregate of shares of common stock issuable under our 2004 Stock Plan;

excludes an aggregate of shares of common stock issuable under our 2010 Omnibus Long-Term Incentive Plan, which we have adopted in connection with this offering;

excludes an aggregate of shares of common stock issuable under our 2010 Employee Stock Purchase Plan, which we have adopted in connection with this offering; and

assumes no exercise of the underwriters over-allotment option to purchase up to additional shares of our common stock.

Table of Contents

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth, for the periods and dates indicated, our summary historical and pro forma consolidated financial and other data. The summary historical consolidated financial data as of and for the three years ended December 31, 2009 was derived from our audited historical consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial data as of and for the three months ended March 31, 2009 and 2010 was derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for those periods. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. The historical results included here and elsewhere in this prospectus are not necessarily indicative of future performance or results of operations.

The summarized unaudited pro forma financial data for the year ended December 31, 2009 and as of and for the three months ended March 31, 2010 have been prepared to give pro forma effect to (1) a -for- reverse stock split of our common stock, (2) the conversion of our Series A and Series C convertible preferred stock into common stock, (3) the conversion of 50% of our Series B preferred stock into common stock at a ratio of : , which is calculated by dividing the liquidation preference of the Series B preferred stock by 90% of an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, (4) the redemption of the remaining 50% of our Series B preferred stock and the payment of all accrued and unpaid dividends on our Series B preferred stock, (5) the sale of shares in this offering at an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, (6) the consummation of the Culligan Refill Acquisition and our issuance of shares of common stock with a value of $45.0 million (or shares assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus), (7) our entry into and making of borrowings under our new senior revolving credit facility and (8) the application of the net proceeds from this offering and borrowings under our new senior revolving credit facility for the purposes described herein, in each case as if they had occurred on January 1, 2009 with respect to statement of operations data and on March 31, 2010 with respect to balance sheet data. This data is subject, and gives effect, to the assumptions and adjustments described in the notes accompanying the unaudited pro forma financial statements included elsewhere in this prospectus. The summary unaudited pro forma financial data is presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the Culligan Refill Acquisition and this offering been consummated on the dates indicated, and do not purport to be indicative of balance sheet data or results of operations as of any future date or for any future period.

The summary historical consolidated financial data presented below represent portions of our consolidated financial statements and are not complete. You should read this information in conjunction with Use of Proceeds, Capitalization, Selected Historical Consolidated Financial and Other Data, Unaudited Pro Forma Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Culligan Refill Acquisition Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included elsewhere in this prospectus.

Table of Contents

	Historical					Pro Forma	
	Year Ended December 31,			Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,
	2007	2008	2009	2009	2010	2009	2010
				(Unaudited)		(Unaudited)	
	(in thousands, except per share data)						
Consolidated statements of operations data:							
Net sales	$ 13,453	$ 34,647	$ 46,981	$ 9,567	$ 8,829	$ 72,998	$ 14,938
Operating costs and expenses:							
Cost of sales	11,969	30,776	38,771	7,652	6,922	52,414	10,169
Selling, general and administrative expenses	10,353	13,791	9,922	2,605	2,733	12,799	3,381
Depreciation and amortization	3,366	3,618	4,205	1,034	995	7,891	1,918
Total operating costs and expenses	25,688	48,185	52,898	11,291	10,650	73,104	15,468
Loss from operations	(12,235)	(13,538)	(5,917)	(1,724)	(1,821)	(106)	(530)
Interest (expense) and other income, net	65	(70)	(2,257)	(477)	(720)	(1,764)	(485)
Loss from continuing operations before income taxes	(12,170)	(13,608)	(8,174)	(2,201)	(2,541)	(1,870)	(1,015)
Provision for income taxes						(2,013)	(502)
Loss from continuing operations	(12,170)	(13,608)	(8,174)	(2,201)	(2,541)	(3,883)	(1,517)
Loss from discontinued operations, net of income taxes	(1,904)	(5,738)	(3,650)	(486)		(3,650)	
Net loss	(14,074)	(19,346)	(11,824)	(2,687)	(2,541)	(7,553)	(1,517)
Preferred dividends and beneficial conversion charge[1]	(2,147)	(19,875)	(3,042)	(761)	(582)		

Net loss attributable to common stockholders	$	(16,221)	$	(39,221)	$	(14,866)	$	(3,448)	$	(3,123)	$	(7,533)	$	(1,517)
Basic and diluted loss per common share:														
Loss from continuing operations attributable to common stockholders	$		$		$		$		$		$		$	
Loss from discontinued operations attributable to common stockholders														
Net loss attributable to common stockholders	$		$		$		$		$		$		$	
Basic and diluted weighted average common shares outstanding:														

(1) In 2008, we recorded a non-cash beneficial conversion charge or deemed dividend of $17.6 million on our Series C preferred stock. This was a result of the adjustment of the conversion ratio on the Series C preferred stock based upon a formula taking into account our net sales for the year ending December 31, 2008, which resulted in a final conversion ratio of 1:1.92.

	As of December 31, 2009	As of March 31, 2010 Actual	Pro Forma
	(in thousands)		
		(Unaudited)	
Consolidated balance sheet data:			
Cash	$	$ 522	$ 522
Total assets	22,368	24,722	131,919
Current portion of long-term debt	426	18,872	2
Long-term debt, net of current portion	14,403	2	24,668

	Year Ended December 31,			Three Months Ended March 31,
	2007	2008	2009	2010
	(in thousands, except location data)			

			(Unaudited)	
Other information:				
Primo water bottle exchange locations at period end	4,700	6,400	7,000	7,020
Primo water bottle units sold	1,994	3,215	3,853	965
Primo water dispenser units sold	12	177	272	62
Culligan refill vending locations at period end	4,100	4,300	4,400	4,500

Table of Contents

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should read and consider carefully each of the risks and uncertainties described below together with the financial and other information contained in this prospectus before you decide to invest in our common stock. Our business, financial condition, results of operations, cash flows and prospects may be materially and adversely affected by any of these risks. As a result, the market price of our common stock could decline and you could lose all or part of your investment.

Risks Relating to Our Business and Industry

We have incurred operating losses in the past and may incur operating losses in the future.

We have incurred operating losses in the past and expect to incur operating losses in the future. As of March 31, 2010, our accumulated deficit was approximately $94.1 million. Our losses from continuing operations were $12.2 million for the year ended December 31, 2007, $13.6 million for the year ended December 31, 2008, $8.2 million for the year ended December 31, 2009 and $2.5 million for the three months ended March 31, 2010. We have not been profitable since our inception, and we may not become profitable in the future. Our losses may continue as we incur additional costs and expenses related to branding and marketing, expansion of operations, product development and development of relationships with strategic business partners. If our operating expenses exceed our expectations, our financial performance will be adversely affected. If our sales do not grow to offset these increased expenses, we may not become profitable. If we do not achieve sustained profitability, we may be unable to continue operations.

In both our bottled water and water dispenser businesses, we depend on a small number of large retailers for most of our consumer sales. Our arrangements with these retailers for our bottled water exchange services and sales of our water dispensers are nonexclusive and may be terminated at will.

Certain retailers make up a significant percentage of our retail sales volume, such that if one or more of these retailers were to materially reduce or terminate its business with us, our sales would suffer. For 2009, Lowe s Home Improvement, Sam s Club and Walmart represented approximately 33%, 19% and 15% of our consolidated net sales, respectively. While we sell a small percentage of our dispensers directly to consumers through our online store, the vast majority of our sales for both of our water bottle exchange service and of our water dispensers are made through our retail partners.

While we have arrangements with certain retailers for our products and services, we cannot provide any assurance of any future sales. None of our significant retail accounts are contractually bound to offer our water dispensers or bottle exchange service. As a result, retailers can discontinue our products or services at any time and offer a competitor s products or services, or none at all. Continued positive relations with a retailer depend upon various factors, including price, customer service, consumer demand and competition. In addition, certain of our retailers have multiple vendor policies and may seek to offer a competitor s products or services at new or existing locations. If any significant retailer materially reduces, terminates or is unwilling to expand its relationship with us, or requires price reductions or other adverse modifications in our selling terms, our sales would suffer.

The success of our business depends on retailer and consumer acceptance of our water bottle exchange service and water dispensers.

We are a consumer products and services company operating in the highly-competitive bottled water market and rely on continued consumer demand or preference for our products and services. To generate sales and profits, we must sell products that appeal to retailers and to consumers. Our future success depends on consumer acceptance, particularly at the household level, of our bottled water products, water bottle exchange service and water dispensers. There is no guarantee that there will be

Table of Contents

significant market acceptance of our water bottle exchange service or that we will be successful in selling our water dispensers on a scale necessary to achieve sustained profitability.

The market for bottled water related products and services is evolving rapidly and we may not be able to accurately assess the size of the market or trends that may emerge and affect our business. Consumer preferences can change due to a variety of factors, including social trends, negative publicity and economic changes. If we are unable to convince current and potential retail customers and individual consumers of the advantages of our products and services, our ability to sell our bottled water products and water dispensers will be limited. Consumer acceptance also will affect, and be affected by, our existing retail partners and potential new retail partners decision to sell our products and services and their perception of the likelihood of consumers purchasing our products and services. Even if retail customers purchase our products or services, there is no guarantee that they will be successful in selling our products or services to consumers on a scale necessary for us to achieve sustained profitability. Any significant changes in consumer preferences for purified bottled water could result in reduced demand for our water bottle exchange service and our water dispensers and erosion of our competitive and financial position.

In our bottled water business, we depend on independent bottlers, distributors and suppliers for our business to operate.

We are and will continue to be for the foreseeable future, substantially dependent on independent bottlers, distributors and suppliers to bottle and deliver our bottled water products and provide our water bottle exchange service to our retail customers. We do not have our own manufacturing facilities to produce bottled water products. We are and will continue to be for the foreseeable future, entirely dependent on third parties to supply the bottle pre-forms, bottles, water and other materials necessary to operate our bottled water business. We rely on third-party supply companies to manufacture our three- and five-gallon water bottles and deliver them to our bottlers. In turn, we rely on bottlers to properly purify the water, include our mineral enhancements and bottle the finished product without contamination and pursuant to our quality standards and preparation procedures. Finally, we rely upon our distributors to deliver bottled water to our retail partners in a timely manner, accurately enter information regarding the delivery of the bottles into our management information system, manage our recycling center displays and return used bottles to the bottlers to be sanitized or crushed and recycled.

We can make no assurance that we will be able to maintain these third-party relationships or establish additional relationships as necessary to support growth and profitability of our business on economically viable terms. As independent companies, these bottlers, distributors and suppliers make their own business decisions. Suppliers may choose not to do business with us for a variety of reasons, including competition, brand identity, product standards and concerns regarding our economic viability. They may have the right to determine whether, and to what extent, they produce and distribute our products, our competitors products and their own products. Some of the business for these bottlers, distributors and suppliers comes from producing or selling our competitors products. These bottlers, distributors and suppliers may devote more resources to other products or take other actions detrimental to our brands. In addition, their financial condition could also be adversely affected by conditions beyond our control and our business could suffer. In addition, we will face risks associated with any bottler s or distributor s failure to adhere to quality control and service guidelines we establish or failure to ensure an adequate and timely supply of product and services at retail locations. Any of these factors could negatively affect our business and financial performance. If we are unable to obtain and maintain a source of supply for bottles, water and other materials, our business will be materially and adversely affected.

In our bottled water business, if our distributors do not perform to our retailers expectations, if we encounter difficulties in managing our distributor operations or if we or our distributors are not able to manage growth effectively, our retail relationships may be adversely impacted and business may suffer.

We rely on our distributors to deliver our three- and five-gallon bottled water and provide our water bottle exchange service to retailers. Accordingly, our success depends on our ability to manage our retail relationships through the performance of our distributor partners. The majority of our current distributors are independent and we exercise only limited influence over the resources they devote to delivery and exchange of our three- and five-gallon water bottles. Our success depends on our ability to establish and maintain distributor relationships and on the distributors ability to operate viable businesses. We can provide no assurance that we will be able to maintain such relationships or establish additional relationships as necessary to support growth and profitability of our business on economically viable terms. Our retailers impose demanding service requirements on us and we could suffer a loss of consumer or retailer goodwill if our distributors do not adhere to our quality control and service guidelines or fail to ensure an adequate and timely supply of bottled water at retail locations. The poor performance of a single distributor to a national retailer could jeopardize our entire relationship with that retailer and cause our bottled water sales and exchange service to suffer. In addition, the number of retail locations offering our water bottle exchange service and our corresponding sales have grown significantly over the past several years along with our national distributor network**.** Accordingly, our distributors must be able to adequately service an increasing number of retail accounts. If we or our distributors fail to manage our growth effectively, our bottled water sales and exchange service may suffer.

We operate in a highly competitive industry, face competition from companies with far greater resources than we have and could encounter significant competition from these companies in our niche market of water bottle exchange services and related products.

We participate in the highly competitive bottled water segment of the nonalcoholic beverage industry. While the industry is dominated by large and well-known international companies, numerous smaller firms are also seeking to establish market niches. In our business model, we not only offer three- and five-gallon bottled water but also provide consumers the ability to exchange their used containers as part of our exchange service. While we are aware of a few direct competitors that operate water bottle exchange networks at retail, we believe they operate on a much smaller scale than we do and we believe they do not have equivalent MIS tools or bottling and distribution capabilities to effectively support major retailers nationwide. Competitive factors with respect to our business include pricing, taste, advertising, sales promotion programs, product innovation, increased efficiency in production and distribution techniques, the introduction of new packaging and brand and trademark development and protection.

Our primary competitors in our bottled water business include Nestlé, The Coca-Cola Company, PepsiCo, Dr Pepper Snapple Group and DS Waters of America. While none of these companies currently offers a nationwide water bottle exchange service at retail, Nestlé and DS Waters of America offer this service on a regional basis. Many of these competitors are leading consumer products companies, have substantially greater financial and other resources than we do, have established a strong brand presence with consumers and have established relationships with retailers, manufacturers, bottlers and distributors necessary to start an exchange business at retail locations nationwide should they decide to do so. In addition to competition between companies within the bottled water industry, the industry itself faces significant competition from other non-alcoholic beverages, including carbonated and non-carbonated soft drinks and waters, juices, sport and energy drinks, coffees, teas and spring and tap water.

We also compete directly and indirectly in the water dispenser marketplace. While we have had recent success in our sales of water dispensers to retailers, there are many large consumer products companies with substantially greater financial and other resources than we do, a larger brand presence with consumers and established relationships with retailers that could decide to enter the marketplace.

15

Should any of these consumer products companies so decide to enter the water dispenser marketplace, sales of our water dispensers could be materially and adversely impacted, which, in turn, could materially and adversely affect our sales of bottled water. Finally, our water bottle exchange service faces competition from other methods of purified water consumption such as countertop filtration systems, faucet mounted filtration systems, in-line whole-house filtration systems, water filtration dispensing products such as pitchers and jugs, standard and advanced feature water coolers and refrigerator-dispensed filtered and unfiltered water.

If we are unable to build and maintain our brand image and corporate reputation, our business may suffer.

We are a relatively new company, having been formed in late 2004 and commenced operations in June 2005. Our success depends on our ability to build and maintain the brand image for our existing bottled water products and services and effectively build the brand image for any new products. We cannot assure you, however, that any additional expenditures on advertising and marketing will have the desired impact on our products brand image and on consumer preferences. Actual or perceived product quality issues or allegations of product contamination, even if false or unfounded, could tarnish the image of our brand and may cause consumers to choose other products. Allegations of product defects or product contamination, even if untrue, may require us from time to time to recall a product from all of the markets in which the affected product was distributed. Product recalls would negatively affect our profitability and brand image. Also, adverse publicity surrounding water usage and any campaigns by activists attempting to connect our system to environmental issues, water shortages or workplace or human rights violations in certain developing countries in which we or our business partners operate, could negatively affect our overall reputation and our products acceptance by consumers.

Interruption or disruption of our supply chain, distribution channels or national network could adversely affect our business, financial condition and results of operations.

Our ability and that of our business partners, including suppliers, bottlers, distributors and retailers, to manufacture, sell and deliver products and services is critical to our success. Interruption or disruption of our supply chain, distribution channels or service network due to unforeseen events, including war, terrorism and other international conflicts, public health issues, natural disasters such as earthquakes, fires, hurricanes or other adverse weather and climate conditions, strikes and other labor disputes, whether occurring in the United States or abroad, could impair our ability to manufacture, sell or deliver our products and services.

If our bottled water became contaminated, our business could be seriously harmed.

We have adopted various quality, environmental, health and safety standards. However, our products may still not meet these standards or could otherwise become contaminated. A failure to meet these standards or contamination could occur in our operations or those of our bottlers, distributors or suppliers. Such a failure or contamination could result in expensive production interruptions, recalls and liability claims. Moreover, negative publicity could be generated even from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect our business and financial performance.

In our water dispenser business, because all of our dispensers are manufactured by two manufacturers in China, a significant disruption in the operations of these manufacturers or political unrest in China could materially adversely affect us.

We have only two manufacturers of water dispensers. Any disruption in production or inability of our manufacturers to produce quantities of water dispensers adequate to meet our needs could significantly impair our ability to operate our water dispenser business on a day-to-day basis. Our manufacturers are located in China, which exposes us to the possibility of product supply disruption and increased costs in the event of changes in the policies of the Chinese government, political unrest or

Table of Contents

unstable economic conditions in China or developments in the U.S. that are adverse to trade, including enactment of protectionist legislation. In addition, our dispensers are shipped directly from the manufacturer to our retail partners. Although we routinely inspect and monitor our manufacturing partners activities and products, we rely heavily upon their quality controls when producing and delivering the dispensers to our retail partners. Any of these matters could materially adversely affect our water dispenser business and, as a result, our profitability.

If we lose key personnel or are unable to recruit qualified personnel, our ability to implement our business strategies could be delayed or hindered. In addition, we may not be able to attract and retain the highly skilled employees we need to support our planned growth.

We are highly dependent upon the services of our senior management because of their experience, industry relationships and knowledge of the business. We are particularly dependent on the services of Billy D. Prim, our Chairman, President and Chief Executive Officer. We do not have a formal succession plan in place for Mr. Prim. While our employment agreements with members of our senior management include customary confidentiality, non-competition and non-solicitation covenants, there can be no assurance that such provisions will be enforceable or adequately protect us. The loss of one or more of our key employees could seriously harm our business and we may not be able to attract and retain individuals with the same or similar level of experience or expertise. We face competition for qualified employees from numerous sources and there can be no assurance that we will be able to attract and retain qualified personnel on acceptable terms. Our ability to recruit and retain such personnel will depend upon a number of factors, such as our results of operations, prospects and the level of competition then prevailing in the market for qualified personnel. Failure to recruit and retain such personnel could materially adversely affect our business, financial condition and results of operations.

While many members of our senior management have experience as executives of a products and exchange services business, there can be no assurances that this experience and past success will result in our business becoming profitable.

Many members of our senior management have had experience as senior managers of a company engaged in the supply, distribution and exchange of propane gas cylinders. While the business model for that company and the model for our business are similar, the propane gas industry and the bottled water industry are very different. For example, there are no assurances that consumer demand will exist for our bottled water products, water bottle exchange service or water dispensers sufficient to enable us to be profitable. While we believe our business model will be successful, any similarity between our business model and that of our senior management s predecessor employer should not be viewed as an indication that we will be profitable.

The consolidation of retail customers may adversely impact our operating margins and profitability.

Our customers, such as mass merchants, supermarkets, warehouse clubs, food distributors and drug and pharmacy stores, have consolidated in recent years and consolidation may continue. As a result of these consolidations, our large retail customers may seek lower pricing or increased promotions from us. If we fail to respond to these trends in our industry, our volume growth could slow or we may need to lower prices or increase trade promotions and consumer marketing for our products and services, both of which would adversely affect our financial results. These retailers may use floor or shelf space currently used for our products and services for their own private label products and services. In addition, retailers are increasingly carrying fewer brands in any one category and our results of operations will suffer if we are not selected by our significant customers to remain a vendor. In the event of consolidation involving our current retailers, we may lose key business if the surviving entities do not continue to purchase products or services from us.

Table of Contents

Adverse weather conditions could negatively impact our business.

Unseasonable or unusual weather may negatively impact demand for our products. The sales of our bottled water products and water dispensers are influenced to some extent by weather conditions in the markets in which we operate. Unusually cool or rainy weather may reduce temporarily the demand for our products and contribute to lower sales, which would have an adverse effect on our results of operations for such periods.

We depend on key management information systems.

We depend on our management information systems (MIS) to process orders, manage inventory and accounts receivable, maintain distributor and customer information, maintain cost-efficient operations and assist distributors in delivering products and services on a timely basis. Any disruption in the operation of our MIS tools, the loss of employees knowledgeable about such systems, the termination of our relationships with third-party MIS partners or our failure to continue to effectively modify such systems as business expands could require us to expend significant additional resources or to invest additional capital to continue to manage our business effectively, and could even affect our compliance with public reporting requirements. Additionally, our MIS tools are vulnerable to interruptions or other failures resulting from, among other things, natural disasters, terrorist attacks, software, equipment or telecommunications failures, processing errors, computer viruses, hackers, other security issues or supplier defaults. Security, backup and disaster recovery measures may not be adequate or implemented properly to avoid such disruptions or failures. Any disruption or failure of these systems or services could cause substantial errors, processing inefficiencies, security breaches, inability to use the systems or process transactions, loss of customers or other business disruptions, all of which could negatively affect our business and financial performance.

Water scarcity and poor quality could negatively impact our long-term profitability.

Water is a limited resource facing unprecedented challenges from overexploitation, population growth, increasing pollution, poor management and climate change. As demand for water continues to increase and as water becomes scarcer and the quality of available water deteriorates, our business may incur increasing costs or face capacity constraints which could adversely affect our profitability or net sales in the long run.

We may pursue acquisitions and investments in new product lines, businesses or technologies that involve numerous risks, which could disrupt our business or adversely affect our financial condition and results of operations.

In addition to the Culligan Refill Acquisition, we may in the future acquire or invest in new product lines, businesses or technologies to expand our current bottled water products and services. Acquisitions present a number of potential risks and challenges that could disrupt our business operations, increase our operating costs or capital expenditure requirements and reduce the value of the acquired product line, business or technology. For example, if we identify an acquisition candidate, we may not be able to successfully negotiate or finance the acquisition on favorable terms or at all. The process of negotiating acquisitions and integrating acquired products, services, technologies, personnel or businesses might result in significant transaction costs, operating difficulties or unexpected expenditures and might require significant management attention that would otherwise be available for ongoing development of our business. If we are successful in consummating an acquisition, we may not be able to integrate the acquired product line, business or technology into our existing business and products and we may not achieve the anticipated benefits of any acquisition**.** Furthermore, potential acquisitions and investments may divert our management s attention, require considerable cash outlays and require substantial additional expenses that could harm our existing operations and adversely affect our results of operations and financial condition. To complete future acquisitions, we may issue equity securities, incur debt, assume contingent liabilities or incur amortization expenses and write-downs of acquired assets,

18

Table of Contents

any of which could dilute the interests of our stockholders or adversely affect our profitability or cash flow.

Changes in taxation requirements could affect our financial results.

We are subject to income tax in the numerous jurisdictions in which we generate net sales. In addition, our water dispensers are subject to certain import duties and sales taxes in certain jurisdictions in which we operate. Increases in income tax rates could reduce our after-tax income from affected jurisdictions, while increases in indirect taxes could affect our products and services affordability and therefore reduce demand for our products and services.

Our ability to use net operating loss carryforwards in the United States may be limited.

As of December 31, 2009, we had net operating losses of approximately $55.0 million for federal income tax purposes, which expire at various dates through 2029. To the extent available and not otherwise utilized, we intend to use any net operating loss carryforwards to reduce the U.S. corporate income tax liability associated with our operations. Section 382 of the Internal Revenue Code of 1986, as amended, generally imposes an annual limitation on the amount of net operating loss carryforwards that may be used to offset taxable income when a corporation has undergone certain changes in stock ownership. Our ability to utilize net operating loss carryforwards may be limited, under this section or otherwise, by the issuance of common stock in this offering. To the extent our use of net operating loss carryforwards is significantly limited, our income could be subject to U.S. corporate income tax earlier than it would if we were able to use net operating loss carryforwards, which could result in lower profits.

Our financial results may be negatively impacted by the recent global financial events.

The recent global financial events have resulted in the consolidation, failure or near failure of a number of institutions in the banking, insurance and investment banking industries and have substantially reduced the ability of companies to obtain financing. These events also led to a substantial reduction in stock market valuations during 2008 and the first few months of 2009, although stock market valuations rebounded significantly in the latter half of 2009. These events could have a number of different effects on our business, including:

- a reduction in consumer spending, which could result in a reduction in our sales volume;
- a shift in the purchasing habits of our target consumers;
- a negative impact on the ability of our retail customers to timely pay their obligations to us, thus reducing our cash flow;
- a negative impact on the ability of our vendors to timely supply materials; and
- an increased likelihood that our lender may be unable to honor its commitments under our new senior revolving credit facility.

Other events or conditions may arise directly or indirectly from the global financial events that could negatively impact our business.

Risks Relating to Regulatory and Legal Issues

Our products and services are heavily regulated at both the state and federal level. If we are unable to continue to comply with applicable regulations and standards in any jurisdiction, we might not be able to sell our products in that jurisdiction or they could be recalled, and our business could be seriously harmed.

The production, distribution and sale in the United States of our products are subject to the Federal Food, Drug and Cosmetic Act; the Occupational Safety and Health Act; the Americans with Disabilities Act (the ADA); the Lanham Act; various environmental statutes; and various other federal, state and

Table of Contents

local statutes and regulations applicable to the production, transportation, sale, safety, advertising, promotion, labeling and ingredients of such products. For example, measures have been enacted in various localities and states that require a deposit to be charged for certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other deposit, recycling or product stewardship proposals have been introduced in various jurisdictions. We anticipate that similar legislation or regulations may be proposed in the future at the local, state and federal levels.

The U.S. Food and Drug Administration (the FDA) regulates bottled water as a food under the federal Food, Drug and Cosmetic Act. Our bottled water must meet FDA requirements of safety for human consumption, identity, quality and labeling. Further, any claims we make in marketing our products, such as claims related to the beneficial health effects of drinking water, are subject to FDA s advertising and promotion requirements and restrictions. In addition, the FDA has established current good manufacturing practices, regulations which govern the facilities, methods, practices and controls used for the processing, bottling and distribution of bottled drinking water. We and our third-party bottling and distribution partners are subject to these requirements**.** In addition, all public drinking water must meet Environmental Protection Agency standards established under the Safe Drinking Water Act for mineral and chemical concentration and drinking water quality and treatment. We also must comply with overlapping and, in some cases, inconsistent state regulations in a variety of areas. These state-level regulations, among other things, set standards for approved water sources and the information that must be provided and the basis on which any therapeutic claims for water may be made. We must expend resources to continuously monitor state legislative and regulatory activities in order to identify and ensure compliance with laws and regulations that apply to our bottled water business in each state in which we operate.

Additionally, the manufacture, sale and use of resins used to make water bottles are subject to regulation by the FDA. These regulations relate to substances used in food packaging materials, not with specific finished food packaging products. Our beverage containers are deemed to be in compliance with FDA regulations if the components used in the containers: (i) are approved by the FDA as indirect food additives for their intended uses and comply with the applicable FDA indirect food additive regulations; or (ii) are generally recognized as safe for their intended uses and are of suitable purity for those intended uses.

The Consumer Product Safety Commission, FDA or other applicable regulatory bodies may require the recall, repair or replacement of our products if those products are found not to be in compliance with applicable standards or regulations. The failure of our third party manufacturers or bottlers to produce merchandise that adheres to our quality control standards could damage our reputation and lead to customer litigation against us. If our manufacturers or distributors are unable or unwilling to recall products failing to meet our quality standards, we may be required to remove merchandise or recall those products at a substantial cost to us. We may be unable to recover costs related to product recalls.

We believe that our self-imposed standards meet or exceed those set by federal, state and local regulations. Nevertheless, our failure or the failure of our suppliers, bottlers or distributors to comply with federal or state laws, rules or regulations could subject us to potential governmental enforcement action for violation of such regulations, which could result in warning letters, fines, product recalls or seizures, civil or criminal penalties and/or temporary or permanent injunctions, each of which could materially harm our business, financial condition and results of operations. In addition, our failure, or even our perceived failure, to comply with applicable laws, rules or regulations could cause retailers and others to determine not to do business with us or reduce the amount of business they do with us.

Table of Contents

In January 2010, the U.S. Food and Drug Administration issued an updated report regarding bisphenol A, or BPA, a chemical used in food and beverage packaging and other products that can possibly have adverse health effects on consumers, particularly on young children. The three- and five- gallon polycarbonate plastic bottles that we use to bottle our water contain BPA. Any significant change in perception by our customers or government regulation of polycarbonate plastic in food and beverage products could adversely affect our operations and financial results.

In January 2010, the U.S. Food and Drug Administration issued an updated report regarding its current perspective on the safety of BPA in food packaging materials, asserting the need for additional studies on BPA and issuing its interim public health recommendations. BPA is an industrial chemical used to make hard, clear plastic known as polycarbonate, which is currently used in our three- and five-gallon water bottles. BPA is regulated by the FDA as an indirect food additive. While the FDA notes that studies employing standardized toxicity tests support the safety of human exposure to BPA at the low levels currently experienced by consumers, the FDA s report additionally acknowledges the results of certain recent studies which suggest some concern regarding potential developmental and behavioral effects of BPA exposure, particularly on infants and young children.

The FDA is continuing to evaluate these low dose toxicity studies, as well as other recent peer-reviewed studies related to BPA, and has solicited public comment and inter-agency scientific input in connection with updating its formal assessment of the safety of BPA for use in food contact applications. In the interim, the FDA s public health recommendations include taking reasonable steps to reduce exposure of infants to BPA in the food supply and working with industry to support and evaluate manufacturing practices and alternative substances that could reduce exposure in other populations. Further, the FDA indicates that it plans to review its existing authority to shift to a more robust regulatory framework for oversight of BPA.

Consistent with the findings of numerous international regulatory bodies, we believe that the scientific evidence suggests that polycarbonate plastic made with BPA is a safe packing material for all consumers. Nonetheless, media reports and the FDA report have prompted concern in our marketplace among existing and potential customers. It is possible that developments surrounding this issue could lead to adverse effects on our business. Such developments could include:

Increased publicity that changes public or regulatory perception regarding packaging that uses BPA, so that significant numbers of consumers stop purchasing products that are packaged in polycarbonate plastic.

The emergence of new scientific evidence that suggests that the low doses of BPA to which consumers may be exposed when using polycarbonate plastic is unsafe.

Interpretations of existing evidence by the FDA or other regulatory agencies that lead to prohibitions on the use of polycarbonate plastic as packaging for consumable products.

The listing of BPA by California s Office of Environmental Health Hazard Assessment on the state s Proposition 65 list, which would require us to label our products with information about BPA content and could obligate us to evaluate the levels of exposure to BPA associated with the use of our products.

The inability of sellers of consumable products to find an adequate supply of alternative packaging if polycarbonate plastic containing BPA becomes an undesirable or prohibited packaging material.

In addition, federal, state and local governmental authorities have and continue to introduce proposals intended to restrict or ban the use of BPA in food packaging materials. At this juncture, we cannot predict with certainty whether or when any such proposals may be enacted or what impact they may have on our business.

If any of these events were to occur, our sales and operating results could be materially adversely affected.

Table of Contents

Our inability to protect our intellectual property, or our involvement in damaging and disruptive intellectual property litigation, could adversely affect our business, results of operations and financial condition or result in the loss of use of products or services.

We have filed certain patent applications and trademark registration applications and intend to seek additional patents, to develop additional trademarks and seek federal registrations for such trademarks and to develop other intellectual property. We consider our Primo name and related trademarks and our other intellectual property to be valuable to our business and the establishment of a national branded bottled water exchange program. We rely on a combination of patent, copyright, trademark and trade secret laws and other arrangements to protect our proprietary rights and could incur substantial expense to enforce our rights under such laws. A number of other companies, however, use trademarks similar or identical to the Primo® mark to identify their products, and we may not be able to stop these other companies from using such trademarks. The requirement to change any of our trademarks, service marks or trade names could entail significant expense and result in the loss of any goodwill associated with that trademark, service mark or trade name. While we have filed, and intend to file in the future, patent applications, where appropriate, and to pursue such applications with the patent authorities, we cannot be sure that patents will be issued on such applications or that any issued patents will not be successfully contested by third parties. Also, since issuance of a patent does not prevent other companies from using alternative, non-infringing technology or designs, we cannot be sure that any issued patents, or patents that may be issued to others and licensed to us, will provide significant or any commercial protection, especially as new competitors enter the market.

In addition to patent protection, we also rely on trade secrets and other non-patented proprietary information relating to our product development, business processes and operating activities. We seek to protect this information through appropriate efforts to maintain its secrecy, including confidentiality agreements. We cannot be sure that these efforts will be successful or that confidentiality agreements will not be breached. We also cannot be sure that we would have adequate remedies for any breach of such agreements or other misappropriation of our trade secrets, or that our trade secrets and proprietary know-how will not otherwise become known or be independently discovered by others. Where necessary, we may initiate litigation to enforce our patent or other intellectual property rights. Any such litigation may require us to spend a substantial amount of time and money and could distract management from its day-to-day operations. Moreover, there is no assurance that we will be successful in any such litigation or that such litigation will not result in successful counterclaims or challenges to the validity of our intellectual property rights. Our failure to successfully develop intellectual property, or to successfully obtain, maintain and enforce patents, trademarks and other intellectual property, could affect our ability to distinguish our products and services from those of our competitors and could cause our sales to suffer.

Our business and our ability to provide products and services may be impaired by claims that we infringe the intellectual property rights of others. Vigorous protection and pursuit of intellectual property rights characterize the consumer products industry. These traits can result in significant, protracted and materially expensive litigation. In addition, parties making infringement and other claims may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our products, services or utilize our business methods and could cause us to pay substantial damages. In the event of a successful claim of infringement, we may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, or at all. It is possible that our intellectual property rights may not be valid or that we may infringe existing or future proprietary rights of others. Any successful infringement claims could subject us to significant liabilities, require us to seek licenses on unfavorable terms, prevent us from manufacturing or selling products, providing services and utilizing business methods and require us to redesign or, in the case of trademark claims, re-brand our Company, products or services, any of which could have a material adverse effect on our business, results of operations or financial condition.

Legislative and executive action in state and local governments enacting local taxes on bottled water to include multi-gallon bottled water could adversely affect our business and financial results.

Regulations have been enacted or proposed in some localities where we operate to enact local taxes on bottled water. These actions are purportedly designed to discourage the use of bottled water due in large part to concerns about the environmental effects of producing and discarding large numbers of plastic bottles. While we have not to date directly experienced any adverse effects from these concerns, and we believe that our products are sufficiently different from those affected by recent enactments, there is no assurance that our products will not be subject to future legislative and executive action by state and local governments, which could have a material adverse effect on our business, results of operations or financial condition.

Litigation or legal proceedings could expose us to significant liabilities, including product liability claims, and damage our reputation.

We are from time to time party to various litigation claims and legal proceedings. We evaluate these claims and proceedings to assess the likelihood of unfavorable outcomes and estimate, if possible, the amount of potential losses. If our products are not properly manufactured or designed, personal injuries or property damage could result, which could subject us to claims for damages. The costs associated with defending product liability and other claims, and the payment of damages, could be substantial. Our reputation could also be adversely affected by such claims, whether or not successful.

We may establish a reserve as appropriate based upon assessments and estimates in accordance with our accounting policies. We base our assessments, estimates and disclosures on the information available to us at the time and rely on legal and management judgment. Actual outcomes or losses may differ materially from assessments and estimates. Actual settlements, judgments or resolutions of these claims or proceedings may negatively affect our business and financial performance. A successful claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could materially adversely affect our results of operations and financial condition.

Risks Relating to This Offering and Our Common Stock

There has not been a public market for our shares and an active market may not develop or be maintained, which could limit your ability to sell shares of our common stock.

Prior to this offering, there has been no public market for our common stock. Although we have applied to list the common stock on the Nasdaq Global Market, an active public market for our shares may not develop or be sustained after this offering. The initial public offering price for our common stock will be determined through our negotiations with the underwriters and may not be indicative of the market price of our common stock after this offering. If you purchase shares of our common stock, you may not be able to resell those shares at or above the initial public offering price, or at all. We cannot predict the extent to which investor interest in our Company will lead to the development of an active trading market on the Nasdaq Global Market or otherwise or how liquid that market might become. An active public market for our common stock may not develop or be sustained after this offering. If an active public market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at a price that is attractive to you, or at all.

The value of our common stock could be volatile.

The overall market and the price of our common stock may fluctuate greatly. The trading price of our common stock may be significantly affected by various factors, including:

quarterly fluctuations in our operating results;

changes in investors and analysts perception of the business risks and conditions of our business;

our ability to meet the earnings estimates and other performance expectations of financial analysts or investors;

unfavorable commentary or downgrades of our stock by equity research analysts;

termination of lock-up agreements or other restrictions on the ability of our existing stockholders to sell their shares after this offering;

fluctuations in the stock prices of our peer companies or in stock markets in general; and

general economic or political conditions.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our Company, the trading price for our stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of a large number of our shares of common stock in the public market after this offering, or the perception that such sales could occur, could adversely affect the market price of our common stock and could impair our ability to sell equity securities in the future at a time and at a price that we deem appropriate. After the closing of this offering, we will have shares of common stock (shares if the underwriters exercise their option to purchase additional shares in full) outstanding. The shares of common stock offered in this offering will be freely tradable without restriction under the Securities Act of 1933, as amended (the Securities Act), except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

We, our executive officers, directors and certain stockholders (including Culligan) have agreed, subject to certain exceptions, with the underwriters not to offer, sell, contract to sell or otherwise dispose of any common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus. These shares will represent % of our outstanding common stock after this offering (or % if the underwriters exercise their option to purchase additional shares in full). As restrictions on resale end, the market price of our common stock could decline if the holders of the restricted shares sell them or are perceived by the market as intending to sell them. Thomas Weisel Partners LLC (or Wells Fargo Securities, LLC and Thomas Weisel Partners LLC in the case of Culligan) may, in its (or their) sole discretion, release any of these shares from these restrictions at any time without notice. See Shares Eligible for Future Sale and Underwriting.

All of our shares of common stock outstanding as of the date of this prospectus may be sold in the public market by existing stockholders 180 days after the date of this prospectus, subject to applicable volume and other limitations imposed under federal securities laws. We have agreed with Culligan to use our commercially reasonable efforts to register for resale within 181 days of the closing of the Culligan Refill Acquisition all shares of our common stock we are issuing to Culligan in payment of a portion of the purchase price for the Culligan Refill Business. See Shares Eligible for Future Sale for a more detailed description of the restrictions on selling shares of our common stock after this offering.

In the future, we may also issue our securities in connection with investments or acquisitions or in order to raise capital for other purposes. The amount of shares of our common stock issued in connection with these matters could constitute a material portion of our then-outstanding shares of our common stock.

Purchasers in this offering will experience immediate and substantial dilution in net tangible book value.

The initial public offering price per share is expected to be substantially higher than the net tangible book value per share of our outstanding common stock. Purchasers of shares in this offering will experience immediate dilution in the net tangible book value of their shares. Based on an assumed initial public offering price of $ per share, the mid-point of the range set forth on the cover of this prospectus, dilution per share in this offering will be $ per share (or % of the price). Further, if we issue additional equity securities to raise additional capital, your ownership interest in our Company may be diluted and the value of your investment may be reduced. See Dilution.

Concentration of ownership among our existing executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions.

Upon completion of this offering, our executive officers, directors and their affiliates will beneficially own, in the aggregate, approximately % of our outstanding shares of common stock. In particular, Billy D. Prim, our Chairman, Chief Executive Officer and President, will beneficially own approximately % of our outstanding shares of common stock upon completion of this offering. In addition, Culligan will own approximately % of our outstanding shares of common stock upon completion of this offering and the Culligan Refill Acquisition. As a result, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our Company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

Anti-takeover provisions in our charter documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws will contain provisions that may make the acquisition of our Company more difficult without the approval of our Board of Directors. These provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- eliminate the ability of our stockholders to act by written consent;
- establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;

provide that the Board of Directors is expressly authorized to make, alter or repeal our amended and restated bylaws; and establish a classified board of directors the members of which will serve staggered three-year terms.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our Company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Since we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We do not anticipate paying any dividends to our stockholders for the foreseeable future. The agreements governing our indebtedness also restrict our ability to pay dividends. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial conditions, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant. Accordingly, you may have to sell some or all of your common stock in order to generate cash flow from your investment. You may not receive a gain on your investment when you sell our common stock and may lose some or all of the amount of your investment. Investors seeking cash dividends in the foreseeable future should not purchase our common stock.

We will incur increased costs as a result of being a publicly-traded company.

As a company with publicly-traded securities, we will incur significant legal, accounting and other expenses not presently incurred. In addition, the Sarbanes-Oxley Act of 2002, as well as rules promulgated by the U.S. Securities and Exchange Commission, or SEC, and The Nasdaq Stock Market, require us to adopt corporate governance practices applicable to U.S. public companies**.** These rules and regulations may increase our legal and financial compliance costs.

If we do not timely satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, the trading price of our common stock could be adversely affected.

As a company with publicly-traded securities, we will be subject to Section 404 of the Sarbanes-Oxley Act of 2002. This law requires us to document and test the effectiveness of our internal control over financial reporting in accordance with an established internal control framework and to report on our conclusion as to the effectiveness of our internal control over financial reporting. The cost to comply with this law will affect our net income adversely. Any delays or difficulty in satisfying the requirements of Section 404 could, among other things, cause investors to lose confidence in, or otherwise be unable to rely on, the accuracy of our reported financial information, which could adversely affect the trading price of our common stock. In addition, failure to comply with Section 404 could result in The Nasdaq Stock Market imposing sanctions on us, which could include the delisting of our common stock.

Risks Relating to the Culligan Refill Acquisition

We may not be able to consummate the Culligan Refill Acquisition.

We have entered into an asset purchase agreement with Culligan to acquire the Culligan Refill Business. The closing of this acquisition is subject to the consummation of this offering and the satisfaction of customary closing conditions. In addition, the asset purchase agreement is subject to

Table of Contents

termination by either party under certain circumstances, such as if the closing has not occurred on or before December 31, 2010. We cannot assure you that we will consummate the Culligan Refill Acquisition on favorable terms, or at all.

We do not intend to close this offering unless we believe the Culligan Refill Acquisition will close promptly thereafter. However, if this offering is consummated and we are unable to consummate the Culligan Refill Acquisition, then the portion of the net proceeds anticipated to be used in the acquisition will instead be available for general corporate purposes, including investment in our operations or to further our business or growth strategies. Management will retain broad discretion over the use of these proceeds. Stockholders may disagree with our use of these proceeds and our use of these proceeds may not yield a significant return or any return at all.

The loss of one or more of the largest retail customers of the Culligan Refill Business could materially adversely affect our business after the completion of the Culligan Refill Acquisition.

For the year ended December 31, 2009, Walmart accounted for 65% of the net sales of the Culligan Refill Business. The contractual commitments of the Culligan Refill Business with its retail customers are not long-term in nature. We could suffer significant setbacks in our results of operations if the Culligan Refill Business lost Walmart or any of its other large retail customers, or if these retail customers plans or markets were to change significantly. Should any of these events occur they would likely have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may experience difficulties in integrating the Culligan Refill Business with our current business and may not be able to fully realize all of the anticipated synergies from the proposed Culligan Refill Acquisition.

We may not be able to fully realize all of the anticipated synergies from the proposed Culligan Refill Acquisition. The ability to realize the anticipated benefits of the acquisition will depend, to a large extent, on our ability to successfully integrate the Culligan Refill Business with our current business. The integration of two independent businesses is a complex, costly and time-consuming process. In addition, we will be integrating a business that is different from the business we currently operate in several respects, including with respect to the types of products and services offered, the manner in which such products and services are provided to retail customers and pricing dynamics. As a result, we will be required to devote significant management attention and resources to integrating our business practices and operations with those of the Culligan Refill Business. This integration process may disrupt the Culligan Refill Business or our current business and, if implemented ineffectively, would preclude realization of the full benefits we expect to realize. The failure to meet the challenges involved in integrating successfully the operations of the Culligan Refill Business with ours or otherwise to realize the anticipated benefits of the acquisition transaction could cause an interruption of, or a loss of momentum in, our business activities or those of the Culligan Refill Business, and could seriously harm our results of operations. In addition, the overall integration may result in unanticipated problems, expenses, liabilities, competitive responses, loss of customer and supplier relationships, and diversion of management s attention. The challenges we face in integrating the operations of the Culligan Refill Business with ours include, among others:

- maintaining employee morale and retaining and hiring key personnel;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- minimizing the diversion of management s attention from ongoing business concerns;
- coordinating geographically dispersed organizations;

addressing unanticipated issues in integrating information technology, communications and other systems; and

managing tax costs or inefficiencies associated with integrating operations.

Table of Contents

In addition, even if the Culligan Refill Business were to be integrated successfully with our current business, we may not realize the full benefits of the acquisition transaction, including synergies, cost savings or sales or growth opportunities. These benefits may not be achieved within the anticipated timeframe, or at all. You should not consider the pro forma financial data to be indicative of actual results had the Culligan Refill Acquisition been consummated on the dates indicated, or indicative of our future operating results or financial position following the consummation of the Culligan Refill Acquisition.

The loss of key employees involved in the Culligan Refill Business could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If key employees involved in the Culligan Refill Business were to leave and it became necessary to hire new employees to manage this business, we could experience difficulties in finding qualified personnel. Jeanne Cantu and Carl Werner, the Vice President and General Manager and the Controller, respectively, of the Culligan Refill Business have each entered into a two-year employment agreement with us that is effective upon the closing of the Culligan Refill Acquisition and contains customary confidentiality, noncompetition and nonsolicitation provisions. We cannot guarantee that either of these employees or any other key employees of the Culligan Refill Business will not terminate his or her employment with us following the completion of the Culligan Refill Acquisition, which could have a materially adverse effect on our business, financial condition, results of operations and cash flows.

Changes in the strategies of the retail customers of the Culligan Refill Business could materially adversely affect our business.

Most major retailers continually evaluate and often modify their in-store retail strategies, including product placement, store set-up and design and demographic targets. The Culligan Refill Business could suffer significant setbacks in net sales and operating income if one or more of its retail customers modified its current retail strategy resulting in a termination or reduction of its business relationship with the Culligan Refill Business, a reduction in store penetration or an unfavorable product placement within such retailer s stores, any or all of which could materially adversely affect our business, financial condition, results of operations and cash flows.

We may be required to make substantial capital expenditures in connection with maintaining equipment related to the Culligan Refill Business and growing the Culligan Refill Business.

Maintenance of refill equipment located at the stores of current and future retail customers of the Culligan Refill Business may be substantially costlier than we currently anticipate. In addition, we may incur substantial capital expenditures in growing the Culligan Refill Business. If we are required to make greater than anticipated capital expenditures in connection with either or both of these activities, our business, financial condition and cash flows could be materially and adversely effected.

We may experience difficulties in obtaining required United States and Canadian permits in order to allow us to operate the Culligan Refill Business following the closing of the Culligan Refill Acquisition. Additionally, if we are unable to comply with current or subsequently enacted regulations and standards in any jurisdiction, we may not be able to operate the Culligan Refill Business in that jurisdiction and our business could be seriously harmed.

The conduct of the Culligan Refill Business and the production, distribution, advertising, promotion, labeling, safety, sale and use of its products are subject to various laws and regulations administered by federal, state, provincial and local governmental agencies in the United States and Canada. The precise requirements imposed by these measures vary from jurisdiction to jurisdiction. In connection with the Culligan Refill Acquisition, we will be transferring or applying for new permits to conduct the Culligan Refill Business as required in the jurisdictions in which it currently operates. The permit application or transfer process may take significantly longer or be more costly than we currently anticipate. We will be required to close the Culligan Refill Acquisition if we obtain permits to operate refill vending machines representing at least 80% of the revenues of all of the refill vending machines that are part of the Culligan Refill Business for the year ended December 31, 2009. As a result, we may not be able to operate all of the refill vending machines that are part of the Culligan Refill Business after the closing until we obtain the relevant permits.

Additionally, the various current laws and regulations administered by federal, state, provincial and local governmental agencies in the United States and Canada which are applicable to the Culligan Refill Business may change or new legislation or regulations may be proposed and compliance with these new measures may be difficult or costly. Our failure or the failure of our suppliers or service providers to comply with federal, state, provincial or local laws, rules or regulations could subject us to potential governmental enforcement action for violation of such regulations, which could result in warning letters, fines, product recalls or seizures, civil or criminal penalties and/or temporary or permanent injunctions, each of which could materially harm our business, financial condition and results of operations. In addition, our failure, or even our perceived failure, to comply with applicable laws, rules or regulations could cause retailers and others to determine not to do business with us or reduce the amount of business they do with us.

We are required to rebrand the Culligan Refill Business under our Primo or another new brand and the rebranding may be more costly than anticipated or may fail to achieve its intended result.

We are required to rebrand the Culligan Refill Business within 12 months after the closing of the Culligan Refill Acquisition. Our rebranding efforts may not achieve their intended results, which include increasing our retail business. Our rebranding efforts could turn out to be substantially more expensive than we currently anticipate, which would materially adversely affect our results of operations. Additionally, the rebranding of the Culligan Refill Business could result in the loss of current Culligan Refill Business retail customers and consumers, which would prevent us from realizing the full benefits of the Culligan Refill Acquisition and would negatively affect our business, financial condition, results of operations and cash flows.

If the service providers of the Culligan Refill Business do not perform to retailer expectations, its retail relationships may be adversely impacted and business may suffer.

The Culligan Refill Business primarily relies on third-party service providers to install, maintain and repair the reverse osmosis water systems at its retail customers locations. These third-party service providers are also responsible for providing retail customer training with respect to the reverse osmosis water systems, submitting water for testing and conducting monthly meter readings to determine water usage for billing purposes. Accordingly, the success of the Culligan Refill Business depends on its ability to manage its retail relationships through the performance of these service providers. The significant majority of these service providers are either third-party franchisees or independent dealers and the Culligan Refill Business exercises only limited influence over the resources they devote to their responsibilities with respect to its retail customers. The success of the Culligan Refill Business currently depends on its ability to establish and maintain relationships with these third-party service providers and on the service providers ability to operate viable businesses. There can be no assurance that we will be able to maintain such relationships after the closing of the Culligan Refill Acquisition. Retail customers of the Culligan Refill Business impose demanding service requirements and we could suffer a loss of retailer or consumer goodwill if these service providers do not perform to the retail customers expectations. The poor performance of a single service provider to a major retailer could jeopardize our entire relationship with that retailer potentially preventing future installations at additional retail locations and causing sales to suffer.

Table of Contents

We will be dependent on the network of service providers of the Culligan Refill Business and we may be unable to maintain these relationships or achieve the cost savings we anticipate creating with a post-acquisition consolidation of this network.

The Culligan Refill Business is dependent on its network of primarily independent service providers to provide a number of services with respect to its reverse osmosis water systems. After the closing of the Culligan Refill Acquisition, we will have access to this network of service providers pursuant to a dealer services agreement that we will enter into with Culligan that will extend through December 2011. There can be no assurance that the service providers will continue to provide these services after the termination of the dealer services agreement.

Additionally, we anticipate consolidating the current network of approximately 500 service providers in order to achieve cost savings. There can be no assurance that we can successfully consolidate the current network of service providers or that we will be able to achieve any cost savings if we are able to consolidate the network. If we are unable to rely on the service provider network of the Culligan Refill Business to continue providing the services currently provided or we are unable to achieve cost savings through a consolidation of this network, we may not realize the full benefits of the Culligan Refill Acquisition and our business, financial condition, results of operations and cash flows could suffer.

The Culligan Refill Business has substantial Canadian operations and is exposed to fluctuations in currency exchange rates and political uncertainties.

The Culligan Refill Business has substantial Canadian operations, and as a result, we will become subject to risks associated with doing business internationally upon the consummation of the Culligan Refill Acquisition. Risks inherent to operating internationally include:

- changes in a country s economic or political conditions;
- changes in foreign currency exchange rates; and
- unexpected changes in regulatory requirements.

To the extent the United States dollar strengthens against the Canadian dollar, our foreign revenues and profits will be reduced when translated into United States dollars.

If the products of the Culligan Refill Business became contaminated, our business could be seriously harmed.

Culligan has adopted various quality, environmental, health and safety standards with respect to the Culligan Refill Business. However, its products may still not meet these standards or could otherwise become contaminated. A failure to meet these standards or such a contamination could occur in its operations or those of its suppliers, dealers or retail customers. Such a failure or contamination could result in expensive recalls and liability claims. Moreover, negative publicity could be generated even from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect our business, financial condition, results of operations and cash flows.

Risks Relating to Our Indebtedness

Restrictive covenants in our debt instruments restrict or prohibit our ability to engage in or enter into a variety of transactions, which could adversely restrict our financial and operating flexibility and subject us to other risks.

Our new senior revolving credit facility will likely contain various restrictive covenants that will limit our and our subsidiaries ability to take certain actions. In particular, these agreements will likely limit our and our subsidiaries ability to, among other things:

- incur additional indebtedness;

- make restricted payments (including paying dividends on, redeeming or repurchasing capital stock);
- make certain investments or acquisitions;
- create liens on our assets to secure debt;
- engage in certain types of transactions with affiliates;
- engage in sale-and-leaseback or similar transactions; and
- transfer or sell assets, merge, liquidate or wind-up.

Any or all of these covenants could have a material adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities and to fund our operations. Any future debt could also contain financial and other covenants more restrictive than those to be imposed under our new senior revolving credit facility.

A breach of a covenant or other provision in any debt instrument governing our current or future indebtedness could result in a default under that instrument and, due to customary cross-default and cross-acceleration provisions, could result in a default under any other debt instrument that we may have. If the lenders under our current or future indebtedness were to so accelerate the payment of the indebtedness, we cannot assure you that our assets or cash flow would be sufficient to repay in full our outstanding indebtedness, in which event we likely would seek reorganization or protection under bankruptcy or other, similar laws.

Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers, bottlers, distributors and customers.

The global capital and credit markets have experienced increased volatility and disruption over the past two years, making it more difficult for companies to access those markets. There can be no assurance that continued or increased volatility and disruption in the capital and credit markets will not impair our liquidity or increase our costs of borrowing. Our business could also be negatively impacted if our suppliers, bottlers, distributors or retail customers experience disruptions resulting from tighter capital and credit markets or a slowdown in the general economy.

We may be unable to generate sufficient cash flow to service our debt obligations. In addition, our inability to generate sufficient cash flows to support operations and other activities without debt financing could prevent future growth and success.

Our ability to generate cash, make scheduled payments or refinance our obligations depends on our successful financial and operating performance. Our financial and operating performance, cash flow and capital resources depend upon prevailing economic conditions and various financial, business and other factors, many of which are beyond our control. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt, any or all of which could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that we would be able to take any of these actions on terms acceptable to us, or at all, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt agreements.

If we are unable to generate sufficient cash flows to support capital expansion, business acquisition plans and general operating activities, and are unable obtain the necessary funding for these items through debt financing, our business could be negatively affected and we may be unable to expand into existing and new markets. Our ability to generate cash flows is dependent in part upon obtaining necessary financing at favorable interest rates. Interest rate fluctuations and other capital market conditions may prevent us from doing so.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on current expectations, estimates, forecasts and projections regarding management s beliefs and assumptions about the industry in which we operate. Such statements include, in particular, statements about our plans, strategies and prospects under the headings Prospectus Summary, Risk Factors, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and Culligan Refill Acquisition. When used in this prospectus, the words anticipate, believe, could, estimate, expect, intend, may, plan, potential, predict, project, should, will, would, a identify forward-looking statements.

Forward-looking statements are not a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time the statements are made and involve known and unknown risks, uncertainties and other factors that may cause actual outcomes and results to differ materially from what is expressed or forecasted in such forward-looking statements. These forward-looking statements include, but are not limited to, statements relating to:

- our expectations regarding the use of proceeds from this offering;
- our intentions and expectations regarding the timing of the closing of the Culligan Refill Acquisition;
- growth in the market for purified water and increased consumer preference toward purified water relative to tap water or other beverages;
- consumer recognition of our brand and our water bottle exchange service and water dispenser products;
- the use of our retail relationships, single-vendor solution, national network of independent bottlers and distributors and MIS tools to facilitate our introduction of new purified water-related products in the future;
- our opportunities to increase store penetration with our existing retail relationships and develop new retail relationships;
- the continuing development, innovation and sale of our water dispensers;
- our intention to offer new products and services, including self-service refill vending machines and automated, self-bagging purified ice dispensers;
- our expectations regarding our business strategy, anticipated profitability, liquidity position, future financial performance, mix of product sales, inflation and expense levels;
- our ability to use any net operating loss carryforwards;
- our dividend policy;
- our ability to attract and retain key personnel;

- our expectations regarding additional costs connected to the growth of our business and costs related to becoming a public company; and
- our policies regarding our executive compensation program and the level of executive compensation.

We have included important factors in the cautionary statements included in this prospectus, particularly in the section entitled "Risk Factors," that we believe could cause actual results or events to differ materially from the forward-looking statements we make. Except as required by applicable law, we assume no obligation to update any forward-looking statements publicly or to update the reasons why actual results could differ materially from those anticipated in any forward looking statements, even if new information becomes available in the future.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $ million (approximately $ million if the underwriters over-allotment option is exercised in full). This estimate is based upon an assumed initial public offering price of $ per share, less estimated underwriting discounts and commissions and offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.
We intend to use the net proceeds from this offering together with approximately $ in borrowings under our new senior revolving credit facility for the following purposes:

$60.0 million to pay the cash portion of the purchase price for the Culligan Refill Acquisition;

$ to redeem 50% of the outstanding shares of our Series B preferred stock and to pay accrued and unpaid dividends on all outstanding shares of our Series B preferred stock;

$ to repay our 14% subordinated convertible notes due March 31, 2011 (2011 Notes);

$ to repay borrowings under our current senior revolving credit facility; and

$ to pay fees and expenses in connection with all of the foregoing items.

Of the $ in net proceeds we intend to use to redeem 50% of the outstanding shares of Series B preferred stock and to pay accrued and unpaid dividends on all outstanding shares of Series B preferred stock, $ will be paid to directors, officers and persons known to us to be the beneficial owners of more than 5% of our common stock.

As of , 2010, we had $15.0 million principal amount of 2011 Notes outstanding that bear interest at 14% per annum and mature on March 31, 2011. We issued the 2011 Notes on December 30, 2009 and used the proceeds of the 2011 Notes to retire $8.0 million principal amount of subordinated debt and to repay approximately $7.0 million of borrowings under our current senior revolving credit facility. Of the $ in net proceeds we intend to use to repay our 2011 Notes, $ will be used to repay 2011 Notes held by directors, officers and persons known to us to be the beneficial owners of more than 5% of our common stock. The terms of the 2011 Notes provide the noteholders the right to sell their 2011 Notes to us at an amount equal to the unpaid principal balance plus all unpaid interest that has accrued through the date of redemption upon the occurrence of an initial public offering of our common stock resulting in net proceeds to us of at least $30.0 million.

As of , 2010, we had $ of outstanding borrowings under our current senior revolving credit facility that is scheduled to expire January 30, 2011. Interest on outstanding borrowings under this revolving credit facility is payable quarterly at our option at: (i) the greater of (A) the LIBOR Market Index Rate or (B) 2.0% plus in either case the applicable margin or (ii) the greater of (X) the Federal Funds Rate plus 0.50% or (Y) the bank s prime rate plus in either case the applicable margin. At , the interest rate on outstanding borrowings was %. Borrowings under our current senior revolving credit facility during the past 12 months were incurred to grow our business (including investments in equipment and new store locations), to fund offering costs and for working capital purposes.

If the underwriters exercise their over-allotment option, the cash portion of the purchase price for the Culligan Refill Acquisition will be increased and the number of shares of common stock we will issue to Culligan will be decreased by an amount equal to the net cash proceeds we receive as a result of such exercise.

Pending use of the net proceeds of this offering, we intend to invest such net proceeds in short-term, interest-bearing investment grade securities.

DIVIDEND POLICY

We have never paid or declared cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to finance the development and expansion of our business. We do not expect to pay any dividends on our common stock in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend upon various factors, including our results of operations, financial condition, capital requirements, investment opportunities and other factors that our Board of Directors deems relevant.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2010:

- on an actual basis (without giving effect to the -for- reverse stock split of our common stock);
- on a pro forma basis to give effect to the following items as if each had occurred as of March 31, 2010:
  - the -for- reverse stock split of our common stock;
  - the conversion of all of our outstanding Series A and Series C convertible preferred stock into an aggregate of shares of our common stock;
  - the conversion of 50% of our outstanding shares of Series B preferred stock into common stock at a ratio of : , which is calculated by dividing the liquidation preference of the Series B preferred stock by 90% of an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus; and
  - the redemption of the remaining 50% of our outstanding shares of Series B preferred stock and the payment of accrued and unpaid dividends on all outstanding shares of Series B preferred stock; and
  - our sale of shares in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and offering expenses payable by us;
  - our entry into and making borrowings under the new senior revolving credit facility; and
  - the application of a portion of the net proceeds from such sale of common stock and borrowings under our new senior revolving credit facility to repay our 2011 Notes, to repay borrowings under our current senior revolving credit facility and to pay fees and expenses in connection with the foregoing; and
- on a pro forma as adjusted basis to reflect the items described above, as well as our consummation of the Culligan Refill Acquisition, including the application of a portion of the net proceeds from such sale of common stock and borrowings under our new senior revolving credit facility to pay the cash portion of the purchase price for the Culligan Refill Acquisition and our issuance of shares of common stock with a value of $45.0 million (or shares assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus) to fund a portion of the purchase price for the Culligan Refill Acquisition, as if each had occurred as of March 31, 2010.

You should read this table in conjunction with Use of Proceeds, Selected Historical Consolidated Financial and Other Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Culligan Refill Acquisition Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

Table of Contents

	As of March 31, 2010		
	Actual	Pro Forma	Pro Forma as Adjusted
	(in thousands, except par value data) (Unaudited)		
Cash	$ 522	$ 62,272	$ 522
Current portion of long-term debt	$ 18,872	$ 2	$ 2
Long-term debt, net of current portion	2	24,668	24,668
Stockholders equity (deficit):			
Common stock ($0.001 par value, 200,000 shares authorized and 15,203 shares issued and outstanding, actual; 70,000 shares authorized and shares issued and outstanding, pro forma, and shares issued and outstanding pro forma as adjusted)	15	15	15
Preferred stock, $0.001 par value, 100,000 shares authorized actual and 35,000 shares authorized pro forma and pro forma as adjusted			
Series A convertible preferred stock, 18,755 shares issued and outstanding, actual, and no shares issued or outstanding, pro forma and pro forma as adjusted	19		
Series B preferred stock, 23,280 shares issued and outstanding, actual, and no shares issued or outstanding, pro forma and pro forma as adjusted	23		
Series C convertible preferred stock, 12,520 shares issued and outstanding, actual, and no shares issued or outstanding, pro forma and pro forma as adjusted	13		
Additional paid-in capital	86,928	150,183	195,183
Common stock warrants	3,797	3,797	3,797
Accumulated deficit	(94,122)	(97,955)	(99,705)
Total stockholders equity (deficit)	(3,327)	56,040	99,290
Total capitalization	$ 15,547	$ 80,710	$ 123,960

The shares outstanding data in the preceding table as of March 31, 2010:

- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our Series B preferred stock that will, subject to certain exceptions, expire May 31, 2016;

- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our Series C convertible preferred stock that will expire days after the closing of this offering;

- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued to a third party that will expire days after the closing of this offering;

excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our 2011 Notes that will expire December 30, 2019;

excludes an aggregate of shares of common stock issuable under our 2004 Stock Plan;

excludes an aggregate of shares of common stock available for issuance under our 2010 Omnibus Long-Term Incentive Plan, which we have adopted in connection with this offering;

excludes an aggregate of shares of common stock available for issuance under our 2010 Employee Stock Purchase Plan, which we have adopted in connection with this offering; and

assumes no exercise of the underwriters over-allotment option to purchase up to additional shares of our common stock.

Table of Contents

DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after the closing of this offering. Pro forma net tangible book value per share represents total tangible assets less total liabilities, divided by the number of shares of common stock outstanding, after giving effect to the following items as if each had occurred as of March 31, 2010:

- the -for- reverse stock split of our common stock;
- the conversion of all of our outstanding Series A and Series C convertible preferred stock into an aggregate of shares of our common stock;
- the conversion of 50% of our outstanding shares of Series B preferred stock into common stock at a ratio of : , which is calculated by dividing the liquidation preference of the Series B preferred stock by 90% of an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus; and
- the redemption of the remaining 50% of our outstanding shares of Series B preferred stock and the payment of accrued and unpaid dividends on all outstanding shares of Series B Preferred Stock.

The pro forma net tangible book value of our common stock as of March 31, 2010, was approximately $ million, or approximately $ per share.

After giving effect to:

- our sale of shares at an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and offering expenses payable by us;
- our entry into and making borrowings of $ under the new senior revolving credit facility; and
- the application of a portion of the net proceeds from such sale of common stock and borrowings under our new senior revolving credit facility to repay our 2011 Notes, to repay borrowings under our current senior revolving credit facility and to pay fees and expenses in connection with the foregoing;

the pro forma as adjusted net tangible book value of our common stock, as of March 31, 2010, would have been approximately $ million, or $ per share. This amount represents an immediate increase in net tangible book value to our existing stockholders of $ per share and an immediate dilution to new investors of $ per share. The following table illustrates this per share dilution:

Initial public offering price per share		$
Pro forma net tangible book value per share as of March 31, 2010	$	
Increase in pro forma net tangible book value per share attributable to new investors in this offering	$	

Pro forma as adjusted net tangible book value per share after giving effect to this offering (Post-Offering Pro Forma Net Tangible Book Value Per Share)	$
Dilution per share to new investors	$

After giving effect to each of the items listed above and:

our consummation of the Culligan Refill Acquisition and our issuance of shares of common stock with a value of $45.0 million (or shares assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus) to fund a portion of the purchase price for the Culligan Refill Acquisition; and the application of a portion of the net proceeds from such sale of common stock and borrowings under our new senior revolving credit facility to pay the cash portion of the purchase price for the Culligan Refill Acquisition;

the net tangible book value of our common stock, as of March 31, 2010 on a pro forma basis as further adjusted to give effect to the Culligan Refill Acquisition, would have been approximately $ million, or $ per share. This amount represents an immediate increase in net tangible book value to our existing stockholders of $ per share and an immediate dilution to new investors of $ per share. The following table illustrates this per share dilution:

Initial public offering price per share		$
Post-Offering Pro forma Net Tangible Book Value Per Share as of March 31, 2010	$	
[Increase] in pro forma net tangible book value per share attributable to consummation of the Culligan Refill Acquisition	$	
Pro forma as adjusted net tangible book value per share after giving effect to the Culligan Refill Acquisition		$
Dilution per share as a result of the Culligan Refill Acquisition		$
Total dilution attributable to all transactions described above		$

If the underwriters exercise their over-allotment option in full, there will be an increase in pro forma as adjusted net tangible book value per share to existing stockholders of $ per share and an immediate dilution in pro forma as adjusted net tangible book value per share to new investors of $ per share based upon the assumed initial public offering price of $ per share. A $1.00 increase or decrease in the assumed initial public offering price per share would increase or decrease, respectively, the pro forma as adjusted net tangible book value per share of common stock after this offering by $ per share and increase or decrease, respectively, the pro forma as adjusted dilution per share of common stock to new investors in this offering by $ per share, in each case calculated as described above and assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

If the underwriters exercise their over-allotment option, the cash portion of the purchase price for the Culligan Refill Acquisition will be increased and the number of shares of common stock we will issue to Culligan will be decreased by an amount equal to the net cash proceeds we receive as a result of such exercise.

The following table summarizes, as of March 31, 2010, on a pro forma as adjusted basis, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by our existing stockholders and by new investors, based upon an assumed initial public offering price of $ per share and before deducting estimated underwriting discounts and commissions and offering expenses payable by us.

	Shares Purchased		**Total Consideration**		**Average Price**
	Number	**Percent**	**Amount**	**Percent**	**Per Share**
Existing stockholders		%	$	%	$
New investors		%	$	%	$

Total	100%	$	100%	$

The discussion and tables above are based on shares of common stock outstanding as of March 31, 2010, on a pro forma as adjusted basis, and in addition to the adjustments described above:

- excludes shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our Series B preferred stock that will, subject to certain exceptions, expire May 31, 2016;

- exclude shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with our Series C convertible preferred stock that will expire days after the closing of this offering;
- exclude shares of common stock issuable upon the exercise of warrants to purchase common stock issued to a third party that will expire days after the closing of this offering;
- exclude shares of common stock issuable upon the exercise of warrants to purchase common stock issued in connection with 2011 Notes that expire December 30, 2019;
- exclude an aggregate of shares of common stock issuable under our 2004 Stock Plan;
- exclude an aggregate of shares of common stock issuable under our 2010 Omnibus Long-Term Incentive Plan, which we have adopted in connection with this offering;
- exclude an aggregate of shares of common stock issuable under our 2010 Employee Stock Purchase Plan, which we have adopted in connection with this offering; and
- assume no exercise of the underwriters over-allotment option to purchase up to additional shares of our common stock.

If the underwriters over-allotment option is exercised in full, the number of shares held by the existing stockholders after this offering would be reduced to % of the total number of shares of our common stock outstanding after this offering, and the number of shares held by new investors would increase to % of the total number of shares of our common stock outstanding after this offering.

Table of Contents

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma consolidated financial data is derived from our historical consolidated financial statements and the historical combined financial statements of the Culligan Refill Business, both of which are included elsewhere in this prospectus. The unaudited pro forma consolidated financial statements should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus, the combined financial statements of the Culligan Refill Business and related notes included elsewhere in this prospectus, Management s Discussion and Analysis of Financial Condition and Results of Operations, Culligan Refill Acquisition Management s Discussion and Analysis of Financial Condition and Results of Operations and the other financial information appearing elsewhere in this prospectus.

In the Culligan Refill Acquisition, we would acquire certain of Culligan s assets related to its business of providing reverse osmosis water filtration systems that generate filtered water for refill vending machines and store-use water services in the United States and Canada. This business also sells empty reusable water bottles for use at refill vending machines. Pursuant to the asset purchase agreement, we will purchase these assets for a total purchase price of $105.0 million, consisting of a cash payment of $60.0 million and the issuance of shares of our common stock with a value of $45.0 million (or shares, assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus), all subject to a working capital adjustment. The cash portion of the purchase price will be increased and the number of shares of common stock we will issue will be decreased by an amount equal to the net cash proceeds we receive from any exercise of the underwriters over-allotment option. Assuming no exercise of the underwriters over-allotment option, the shares of our common stock we will issue to Culligan will represent approximately % of our issued and outstanding shares of common stock after giving effect to this offering.

The unaudited pro forma statements of operations data for the year ended December 31, 2009 and the three months ended March 31, 2010, and unaudited pro forma balance sheet data as of March 31, 2010 have been prepared to give pro forma effect to (1) a -for- reverse stock split of our common stock, (2) the conversion of our Series A and Series C convertible preferred stock into common stock, (3) the conversion of 50% of our Series B preferred stock into common stock at a ratio of : , which is calculated by dividing the liquidation preference of the Series B preferred stock by 90% of an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, (4) the redemption of the remaining 50% of our Series B preferred stock and the payment of all accrued and unpaid dividends on our Series B preferred stock, (5) the sale of shares in this offering at an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, (6) our entry into and making of borrowings under our new senior revolving credit facility and (7) the application of the net proceeds from this offering and borrowings under our new senior revolving credit facility for the purposes described herein. The unaudited pro forma statements of operations data for the year ended December 31, 2009 and the three months ended March 31, 2010 and the unaudited pro forma balance sheet data as of March 31, 2010 have been further adjusted to give pro forma effect to the consummation of the Culligan Refill Acquisition and our issuance of shares of common stock with a value of $45.0 million (or shares assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus). These pro forma adjustments have been made, in the case of the statements of operations data, as if these events had occurred on January 1, 2009 and, in the case of the balance sheet data, as if these events had occurred on March 31, 2010. We will account for the Culligan Refill Acquisition as a business combination in accordance with the acquisition method. The unaudited pro forma consolidated financial statements presented below are based upon preliminary estimates of purchase price allocations and do not reflect any anticipated operating efficiencies or cost savings from the integration of the Culligan Refill Business into our business.

The unaudited pro forma consolidated financial statements reflect pro forma adjustments that are described in the accompanying notes and are based on available information and certain assumptions we believe are reasonable, but are subject to change. We have made, in our opinion, all adjustments that are necessary to present fairly the pro forma financial data. The unaudited pro forma consolidated financial data is presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the Culligan Refill Acquisition and this offering been consummated on the dates indicated, and do not purport to be indicative of balance sheet data or results of operations as of any future date or for any future period.

Table of Contents

PRIMO WATER CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
MARCH 31, 2010

	Primo Water Corporation	Pro Forma Adjustments for the Conversion of Preferred Stock and This Offering	Pro Forma Immediately Following This Offering	Culligan Refill Business	Pro Forma Adjustments Relating to the Acquisition	Pro Forma Following the Acquisition
			(in thousands)			
ASSETS						
Current assets:						
Cash	$ 522	$ 61,750[a]	$ 62,272	$	$ (61,750)[k][l]	$ 522
Accounts receivable, net	3,033		3,033	2,689		5,722
Inventories	1,986		1,986	302		2,288
Prepaid expenses and other current assets	1,256		1,256	1,180	(319)[k]	2,117
Total current assets	6,797	61,750	68,547	4,171	(62,069)	10,649
Bottles, net	2,115		2,115			2,115
Property and equipment, net	13,842		13,842	8,259	4,319[k]	26,420
Goodwill				21,900	51,738[k]	73,638
Intangible assets, net	1,014		1,014	1,708	15,292[k]	18,014
Intercompany receivable, net				22,552	(22,552)[k]	
Other assets	954	129[b]	1,083	690	(690)[k]	1,083
Total assets	$ 24,722	$ 61,879	$ 86,601	$ 59,280	$ (13,962)	$ 131,919
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)						
Current liabilities:						
Accounts payable	$ 3,700	$ (525)[c]	$ 3,175	$ 1,161	$	$ 4,336
Accrued expenses and other current liabilities	4,405	(2,759)[d]	1,646	907		2,553
Current portion of long-term debt, capital	18,872	(18,870)[e]	2			2

leases and notes payable						
Total current liabilities	26,977	(22,154)	4,823	2,068		6,891
Long-term debt, capital leases and notes payable, net of current portion	2	24,666(f)	24,668			24,668
Other long-term liabilities	1,070		1,070	1,792	(1,792)(k)	1,070
Total liabilities	28,049	2,512	30,561	3,860	(1,792)	32,629
Commitments and contingencies						
Stockholders equity (deficit)						
Common stock	15		15			15
Series A preferred stock	19	(19)(g)				
Series B preferred stock	23	(23)(h)				
Series C preferred stock	13	(13)(g)				
Additional paid-in capital	86,928	63,255(i)	150,183		45,000(k)	195,183
Common stock warrants	3,797		3,797			3,797
Parent company equity				55,420	(55,420)(k)	
Accumulated deficit	(94,122)	(3,833)(j)	(97,955)		(1,750)(l)	(99,705)
Total stockholders (deficit) equity	(3,327)	59,367	56,040	55,420	(12,170)	99,290
Total liabilities and stockholders (deficit) equity	$ 24,722	$ 61,879	$ 86,601	$ 59,280	$ (13,962)	$ 131,919

41

Table of Contents

(a) Reflects estimated net proceeds of $72.4 million from this offering (gross proceeds of $80.0 million less $7.6 million in underwriting discounts and commissions and offering expenses payable by us) and $24.7 million in borrowings under our new senior revolving credit facility, less the repayment of $15.0 million of 2011 Notes, the repayment of $4.4 million of borrowings under our current senior revolving credit facility, the redemption of $11.6 million of the Series B preferred stock, the payment of $2.7 million in accrued dividends on the Series B preferred stock, the payment of $0.5 million of accrued interest on the 2011 Notes and our current senior revolving credit facility, and payment of $1.1 million in debt issuance costs associated with the new senior revolving credit facility.

(b) Reflects the debt issuance costs on our new senior revolving credit facility of $1.1 million less the offset of offering costs capitalized to date in connection with this offering of $0.9 million and the write-off of $0.1 million of debt issuance costs on our current senior revolving credit facility.

(c) Reflects payment of accrued interest of $0.5 million on the 2011 Notes.

(d) Reflects payment of accrued and unpaid dividends on the Series B preferred stock of $2.7 million and accrued interest of $0.1 million on the current senior revolving credit facility.

(e) Reflects repayment of $15.0 million of the 2011 Notes and $4.4 million of borrowings under our current senior revolving credit facility, net of the 2011 Notes original issue discount balance of $0.5 million, which is expensed upon the repayment.

(f)