FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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AMERICOLD CORP /OR/

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Type: **10-Q** | Act: **34** | File No.: **033-12173** | Film No.: **94501510**
SIC: **4220** Public warehousing & storage

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

/X/ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended November 30, 1993; or

/ / Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from __________ to __________.

Commission File Number: 33-12173

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

OREGON	93-0295215
(State of Incorporation)	(I.R.S. Employer Identification Number)

7007 S.W. Cardinal Lane, Suite 135	
Portland, Oregon	97224
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (503) 624-8585

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes /X/ No / /

Number of shares outstanding of the registrant's common stock, par value $.01 per share, as of December 31, 1993: 4,863,999 shares.

AMERICOLD CORPORATION

Form 10-Q

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Item 1. Financial Statements

PART I - Financial Information

AMERICOLD CORPORATION

CONSOLIDATED BALANCE SHEETS

Last day of February 1993 and November 1993
(In thousands, except share data)

	Last day of February 1993	Last day of November 1993 (Unaudited)
ASSETS		
Current assets:		
Cash	$ 2,449	$ 7,943
Trade receivables, net	19,734	19,796
Other receivables, net (note 5)	1,360	2,470
Prepaid expenses	2,905	2,235
Other current assets	2,177	460
Total current assets	28,625	32,904
Property, plant and equipment, less accumulated depreciation of $115,088 and $141,232, respectively (note 8)	359,629	384,731
Cost in excess of net assets acquired, less accumulated amortization of $14,699 and $16,597, respectively	85,094	83,196
Other noncurrent assets (note 7)	16,803	35,571
Total assets	$ 490,151	$ 536,402
LIABILITIES, PREFERRED STOCK AND COMMON STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 6,340	$ 7,189
Accrued interest	10,168	13,402
Accrued expenses	7,970	7,945
Deferred revenue	5,215	5,435
Current maturities of long-term debt	10,950	2,423
Other current liabilities	4,038	5,243
Total current liabilities	44,681	41,637
Long-term debt, less current maturities (note 7)	443,003	469,127
Deferred income taxes (note 8)	14,433	105,492
Other noncurrent liabilities (note 8)	8,436	14,380
Total liabilities	510,553	630,636

Preferred stock, $100 par value; authorized 1,000,000 shares; issued and outstanding 43,860 and 49,672 shares, respectively, (notes 6 and 9)	4,773	5,399
Common stockholders' deficit (note 3): Common stock, $.01 par value; authorized 10,000,000 shares; issued and outstanding 4,850,666 and 4,863,999 shares, respectively	49	49
Additional paid-in capital	48,762	49,081
Retained deficit	(73,957)	(148,734)
Equity adjustment to recognize minimum pension liability	(29)	(29)
Total common stockholders' deficit	(25,175)	(99,633)
Total liabilities, preferred stock and common stockholders' deficit	$ 490,151	$ 536,402

See accompanying notes to consolidated financial statements.

AMERICOLD CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
Three and nine months ended last day of November 1992 and 1993
(In thousands, except per share data)

	Three months ended last day of November 1992	Three months ended last day of November 1993	Nine months ended last day of November 1992	Nine months ended last day of November 1993
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net sales (note 5)	$ 51,384	$ 53,645	$ 148,735	$ 152,540

Operating expenses:				
Cost of sales	32,432	33,234	90,098	94,960
Amortization of cost in excess of net assets acquired	633	633	1,899	1,899
Selling and administrative expenses	6,611	6,970	20,414	20,573
Total operating expenses	39,676	40,837	112,411	117,432
Gross operating margin	11,708	12,808	36,324	35,108
Other (expense) income:				
Interest expense	(13,042)	(13,868)	(38,831)	(41,535)
Other, net	(68)	63	(273)	(49)
Total other expense	(13,110)	(13,805)	(39,104)	(41,584)
Loss before income taxes, extraordinary item and cumulative effect of accounting principle changes	(1,402)	(997)	(2,780)	(6,476)
Provision (benefit) for income taxes (note 4)	(35)	(327)	2,412	(107)
Net loss before extraordinary item and cumulative effect of accounting principle changes	(1,367)	(670)	(5,192)	(6,369)
Extraordinary item, net of income tax benefit of $1,192 (note 7)	-	-	-	(1,848)
Cumulative effect on				

prior years of accounting principle changes for (note 8):				
Income taxes	-	-	-	(63,533)
Postretirement benefits other than pensions, net of income tax benefit of $1,490	-	-	-	(2,401)
Net loss	$ (1,367)	$ (670)	$ (5,192)	$ (74,151)
Net loss per common share (note 6)				
Net loss before extra-ordinary item and cumulative effect of accounting principle changes	$ (0.31)	$ (0.17)	$ (1.16)	$ (1.40)
Extraordi-nary item	-	-	-	(.38)
Cumulative effect of accounting principle changes:				
Income taxes	-	-	-	(13.09)
Postretirement benefits other than pensions	-	-	-	(0.50)
Net loss per common share	$ (0.31)	$ (0.17)	$ (1.16)	$ (15.37)
Weighted average number of shares outstanding	4,837	4,853	4,835	4,852

See accompanying notes to consolidated financial statements.

AMERICOLD CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine months ended last day of November 1992 and 1993
(In thousands)

	Nine months ended last day of November 1992 (Unaudited)	Nine months ended last day of November 1993 (Unaudited)
Cash flows from operating activities:		
Net loss	$ (5,192)	$ (74,151)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	13,585	14,538
Amortization and other noncash expenses	3,628	4,306
Changes in assets and liabilities	8,868	9,657
Provision for deferred taxes	356	(3,334)
Cumulative effect of accounting principle changes	-	65,934
Write-off of unamortized issuance costs	-	3,040
Employee stock ownership plan expense	450	320
Net cash provided by operating activities	21,695	20,310
Cash flows from investing activities:		
Net expenditures for property, plant and equipment	(3,104)	(7,559)
Other items, net	(729)	(998)
Net cash used by investing activities	(3,833)	(8,557)
Cash flows from financing activities:		
Net payments under credit agreement	(19,000)	(8,583)

Principal payments under capitalizedlease and other debt obligations	(1,560)	(1,909)
Proceeds from financing lease	3,045	-
Net proceeds, excluding escrowed amounts, from sale of mortgage bonds	-	150,000
Retirement of mortgage bonds	-	(150,000)
Purchase of stock	(54)	-
Release of escrowed funds	-	4,233
Net cash used by financing activities	(17,569)	(6,259)
Net increase in cash	293	5,494
Cash at beginning of period	1,340	2,449
Cash at end of period	$ 1,633	$ 7,943
Supplemental disclosure of cash flow information:		
Cash paid year-to-date for interest, net of amounts capitalized	$ 32,798	$ 37,419
Capital lease obligations incurred to lease new equipment and new facility	$ 889	$ 957
Cash paid during the year for income taxes	$ 2,208	$ 139
Financing lease proceeds placed in escrow	$ 12,050	$ -
Bond proceeds placed in escrow	$ -	$ 22,284

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet as of the last day of November 1993; the related consolidated statements of operations for the three and nine months ended the last day of November 1992 and November 1993; and the related consolidated statements of cash flows for the nine months ended the last day of November 1992 and November 1993 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Except for the extraordinary loss as described in Note 7, and the cumulative effect of two accounting principle changes as described in Note 8, such adjustments consisted of normal recurring items. Interim results are not necessarily indicative of results for a full year. The financial information presented herein should be read in conjunction with the financial statements included in the registrant's Annual Report on Form 10-K for the year ended February 28, 1993.

2. RECLASSIFICATIONS

Certain prior year financial data have been reclassified to conform with the current year presentation.

3. COMMON STOCKHOLDERS' DEFICIT

The Company has reserved 300,000 shares of common stock for issuance under a stock option plan established in 1987. Under the plan, options are granted by the compensation committee of the Board of Directors to purchase common stock at a price not less than 85% of the fair market value on the date the option is granted.

Information with regard to the plan as of the last day of November 1993 follows:

Number of Shares Subject to Option	Exercise Price	Number of Shares Exercisable	Expiration Date
97,934	$10.00	97,934	May 1998
100,000	$18.95	60,000	June 2000
30,000	$21.88	0	May 2003

The Company has reserved 500,000 shares of common stock for issuance under a Stock Incentive Plan effective March 1, 1991.

Under the terms of the plan, officers and key management employees can receive either common stock or cash in specified amounts depending upon the financial performance of the Company measured over a four-year period ending February 28, 1995. As of the last day of November 1993, no shares had been issued. Since inception of the plan, the Board has approved a total award of approximately 106,000 shares. Total expense accrued under this plan for the nine months ended the last day of November 1993 was approximately $.9 million, and cumulatively since the beginning of the plan was $1.9 million.

In November 1993, the Company funded the fiscal 1993 Americold Employee Stock Ownership Plan contribution of $750,000. The contribution was in the form of 13,333 shares of the Company's Common Stock and $430,008 in cash.

4. PROVISION FOR INCOME TAXES

The provision for income taxes was computed using an estimated annual effective tax rate of 38.3% for the three and nine months ended the last day of November 1992. The annual effective tax rate was applied to loss before income taxes, after the add back for depreciation differences and amortization of cost in excess of net assets acquired.

As discussed in Note 8, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" as of the beginning of fiscal 1994.

As a result of the Omnibus Budget Reconciliation Act of 1993, the Company's estimated annual effective tax rate increased to 39.2%. The Company recognized a charge to earnings during the second quarter of fiscal 1994 of approximately $2.6 million as a result of the increase in tax rates.

5. CONTINGENCY

In the fourth quarter of fiscal 1992, a fire occurred at the Company's Kansas City, Kansas underground warehouse facility. The cause and origin investigations have been completed, and the Company continues to believe the fire began in an area leased to a tenant. The fire was confined to an unrefrigerated area of the warehouse; however, a significant amount of product in the facility at the time of the fire received smoke damage. Lawsuits have been filed and additional lawsuits may be filed in connection with the fire. The lawsuits allege, among other things, that the Company was negligent. The defense of existing lawsuits has been tendered to the Company's insurance carriers. While the Company carries substantial property, liability, warehouseman's legal liability and business interruption insurance, the adequacy of coverage will depend upon events the Company cannot currently predict. Although the Company disputes that it has any liability with respect to the Kansas City fire, and although the Company does not believe that the ultimate property damage or liability exposure will exceed insurance coverage, there can be no assurance that the Company will not be found liable for damages or that the total damages resulting from the fire will not exceed its insurance coverage.

A number of tenants and customers discontinued payments on storage of damaged products or lease space. As of the last day of November 1992 and 1993, approximately $5.7 million and $5.9 million, respectively, of billings had been disputed by the Company's tenants and customers. These disputed billings have been classified as "Other receivables." Also, as of the last day of November 1992 and 1993, included in the amount of "Other receivables" is approximately $5.1 million and $6.2 million, respectively, of expenses related to the fire and approximately $.9 million and $1.0 million, respectively, for personal property lost in the fire. Claims for these amounts have been submitted to the Company's insurance company as part of its overall insurance claim. The Company has reduced the total fire-related receivables of $13.1 million as of the last day of November 1993 by $7.2 million, the amount of the insurance advances, and $4.1 million, the amount of allowance established for possibility of non-collection of these expenses and any disputed billings. The Company has business interruption insurance which it believes will cover a significant portion of the loss of business income through the coverage period. The coverage period has not yet been agreed upon between the Company and its insurance carrier.

See Management's Discussion and Analysis of Financial Condition and Results of Operation - "Effect of Kansas City, Kansas Warehouse Fire" and "Legal Proceedings".

6. LOSS PER COMMON SHARE

Loss per common share is computed by dividing net loss, less preferred dividend requirements, by the weighted average number of common shares outstanding. See Exhibit 11, Statement Re Computation of Per Share Earnings.

7. EXTRAORDINARY LOSS

On March 9, 1993, the Company sold $176.25 million aggregate principal amount of the Company's 11.5% First Mortgage Bonds, Series B, due March 1, 2005. The Company also registered $150 million of its existing mortgage bonds, redesignated as Series A First Mortgage Bonds. The Company used $150 million of the proceeds from the sale of the Series B bonds to purchase $150 million of existing mortgage bonds. The remaining proceeds, net of transaction costs, of approximately $22.3 million, were placed in escrow with the mortgage bond trustee and will be released to fund construction or acquisition of warehouse properties. In conjunction with the retirement of the $150 million in bonds, unamortized issuance costs of approximately $3.0 million were written off, resulting in an extraordinary loss, net of taxes, of approximately $1.8 million.

8. CUMULATIVE EFFECT ON PRIOR YEARS OF ACCOUNTING PRINCIPLE CHANGES

a. Postretirement Benefits Other Than Pensions

Effective March 1, 1993, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions." This statement generally requires the recognition of a liability for obligations for postretirement benefits expected to be provided to or for an employee. The Company previously expensed the cost of such benefits, which are principally health care, as claims were received.

The Company has elected to recognize this change in accounting principle on the immediate recognition basis. The cumulative effects as of March 1, 1993 of adopting the standard were a decrease in deferred taxes of approximately $1.5 million, an increase in accrued postretirement benefits of approximately $3.9 million, and a one-time, non-cash charge to first quarter fiscal 1994 earnings of approximately $2.4 million.

The accumulated postretirement benefit obligation (APBO) as of March 1, 1993 was $3.9 million. This obligation, included with "Other noncurrent liabilities" in the consolidated balance sheet, was recorded in the first quarter of fiscal 1994 on a cumulative basis as discussed above. The detail of the APBO is as follows (dollars in thousands):

	March 1, 1993
Retirees	$ 2,538
Active employees	1,353
Total accumulated retirement benefit obligation	$ 3,891

The components of net periodic postretirement expense for the first nine months are as follows (dollars in thousands):

	Nine Months Ended November 30, 1993
Service cost benefits earned in period	$ 68
Interest cost on accumulated benefit obligation	246
Net expense	$ 314

A discount rate of 9% was utilized in determining the accumulated post-retirement benefit obligation, as well as the interest cost component of the fiscal 1994 net periodic expense.

For fiscal 1994, a 13% increase in the medical cost trend rate was assumed. This rate decreases incrementally to an annual rate of 6% after 7 years. A 1% increase in the medical trend rate would increase the post-retirement benefit obligation by $.1 million and increase the net periodic expense by a negligible amount.

b. Income Taxes

Effective March 1, 1993, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." This statement generally requires the recognition of a liability or asset for the tax effect of the differences between the reported amounts of assets and liabilities for financial statement purposes and their tax bases. The Company previously accounted for income taxes utilizing the deferral method.

The Company has elected to recognize this change in accounting principle on the immediate recognition basis. The cumulative effects as of March 1, 1993 of adopting the standard were an increase in net fixed assets of approximately $31.2 million (the amount of a previous write-down of assets under APB 11, as a result of the purchase of the Company in December 1986, net of subsequent depreciation), an increase in deferred income taxes of $94.7 million, and a one-time, non-cash charge to first quarter fiscal 1994 earnings of approximately $63.5 million. Application of the standard has reduced earnings before cumulative effect of accounting principle change by approximately $1.1 million as a result of increased depreciation for the nine months ended the last day of November 1993.

As a result of the Omnibus Budget Reconciliation Act of 1993, the Company's estimated annual effective tax rate increased to 39.2%. The Company recognized a charge to earnings during the second quarter of fiscal 1994 of approximately $2.6 million as a result of the increase in tax rates.

9. PREFERRED STOCK

In November 1993, the Company paid a preferred stock dividend of 5,812 shares on its Series A Variable Rate Cumulative Preferred Stock, $100 par value, payable July 1, 1993 to shareholders of record on July 1, 1993. The preferred stock is held by the Americold Employee Stock Ownership Plan.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

RESULTS OF OPERATIONS
- ----------------------

THIRD QUARTER RESULTS - Net sales for the third quarter of fiscal 1994 were $53.6 million, an increase of 4.4% from $51.4 million for the same quarter last fiscal year. The increase is primarily related to an increase in nonwarehousing sales. Nonwarehousing sales in the quarter have increased 37.7% from the corresponding quarter in fiscal 1993 due to a 151.3% increase in quarry sales and a 6.8% increase in sales from the Americold Transportation Systems ("ATS") unit. Warehousing sales in the quarter have increased 1.6% from the corresponding quarter in fiscal 1993 primarily from handling revenue. The Company's sales are seasonal. The third quarter ending November 30 is typically the strongest sales quarter. Net sales included amounts disputed by customers or tenants of $1.3 million for the third quarter of fiscal 1993. See Effect of Kansas City, Kansas Warehouse Fire, below.

Cost of sales for the third quarter of fiscal 1994 were $33.2 million, an increase of 2.5% from $32.4 million for the same quarter last fiscal year. The increase is primarily related to increased payroll costs and energy costs, which increased approximately $1.7 million and $.3 million, respectively, as a result of increased handling volume at existing facilities including the quarry and to the acquisition of a warehouse since the third quarter of fiscal 1993. In addition, cost of sales increased approximately $.2 million as a result of the increased activity at ATS. Depreciation increased approximately $.4 million as a result of the adoption of Financial Accounting Standards No. 109. Cost of sales included approximately $2.6 million for an allowance for non-collection of disputed billings and other expenses for the third quarter of fiscal 1993. See Effect of Kansas City, Kansas Warehouse Fire, below.

NINE MONTHS RESULTS - The Company's net sales for the first three quarters of fiscal 1994 were $152.5 million, an increase of 2.6% over $148.7 million for the corresponding period in fiscal 1993.

Americold's net sales for the first nine months of fiscal 1993 and fiscal 1994 are detailed in the table below by activity:

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

NET SALES
(Dollars in Millions)

	First Nine Months Fiscal 1993		First Nine Months Fiscal 1994		% Change
	Amount	%	Amount	%	1993 to 1994
Storage	$ 76.6	51.5%	$ 75.0	49.2%	(2.1%)
Handling	44.3	29.8%	49.5	32.4%	11.7%
Freezing	5.3	3.6%	5.5	3.6%	3.8%
Leasing	7.6	5.1%	5.6	3.7%	(26.3%)
Other	3.2	2.1%	2.6	1.7%	(18.8%)
Net warehousing sales	$137.0	92.1%	$138.2	90.6%	0.9%
Net non-warehousing sales	11.7	7.9%	14.3	9.4%	22.2%
Total net sales	$148.7	100.0%	$152.5	100.0%	2.6%

Warehousing sales were $138.2 million in the first nine of fiscal 1994, an increase of .9% from $137.0 million in the first nine months of fiscal 1993, primarily due to an 11.7% increase in handling revenue. This increase was partially offset by a 2.1% decline in storage revenue and a 26.3% decline in leasing revenue. The decline in storage revenue resulted from a 1.6% decrease in storage volume, in addition to price changes and other factors. For the first nine months of fiscal 1994, 13.7 billion pounds of product were stored compared to 13.9 billion pounds in the comparable period in fiscal 1993. Approximately .5 billion of the

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

13.7 billion pounds of product were stored at warehouses acquired since the end of the third quarter of fiscal 1993. Approximately $.1 million of the $1.6 million decline in storage revenue is attributable to the reduced activity at the Company's Kansas City, Kansas warehouse. An increase in storage revenue of approximately $2.5 million is attributable to warehouses acquired since the end of the third quarter of fiscal 1993. Approximately 90% of the $2.0 million decline in leasing revenue is attributable to Kansas City. Net sales included amounts disputed by customers or tenants of $4.9 million for the first nine months of fiscal 1993. See Effect of Kansas City, Kansas Warehouse Fire - Collectibility of Amounts Owed, below.

The increase in handling revenue resulted from a 9.5% increase in volume of product handled. For the first nine months of fiscal 1994, 13.6 billion pounds were handled by the Company compared with 12.4 billion in the comparable period in fiscal 1993. Approximately 1.0 billion of the 13.6 billion pounds were handled at warehouses acquired since the end of the third quarter of fiscal 1993. Approximately $.5 million of the $5.2 million increase in handling revenue is attributable to Kansas City, while approximately $2.9 million is attributable to warehouses acquired since the end of the third quarter of fiscal 1993.

The Company believes the decreased storage volume is due to a reduction in certain frozen vegetable stocks across several production warehouses. The increase in handling volume relative to storage volume is likely to continue as long as the Company's customers are able to successfully operate with lower inventories. The trend among customers is to increase inventory turnover, and the Company is experiencing an increase in turns from an annual turn of 5.3 in fiscal 1993 to 6.1 for the first three quarters of fiscal 1994.

Non-warehousing sales increased 22.2% to $14.3 million for the first nine months of fiscal 1994 from $11.7 million in the comparable period in fiscal 1993. The increase in sales during the first three quarters of fiscal 1994 over the first three quarters of fiscal 1993 from ATS of approximately $.8 million and the increase of quarry sales of approximately $2.2 million helped offset the loss of approximately $.4 million in sales due to the closure of the records center. Due to the fire in Kansas City, the records center ceased operations during the first quarter of fiscal 1994. The closure is not expected to significantly affect the results of operation of the Company.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

COST OF SALES - Cost of sales for the first nine months of fiscal 1994 were $95.0 million, an increase of 5.4% from $90.1 million for the first nine months of fiscal 1993. Excluding the approximately $3.6 million allowance for non-collection of disputed billings and other expenses related to the Kansas City, Kansas warehouse fire, cost of sales for the first nine months of fiscal 1993 would have been $86.5 million. Approximately $.6 million of the increase in cost of sales was due to increased activity at ATS and approximately $2.8 million relates to acquisitions of warehouses since the third quarter of fiscal 1993. In addition, payroll costs and energy costs increased approximately $1.5 million and $.5 million, respectively, as a result of increased handling volume at existing facilities including the quarry. Depreciation increased approximately $1.1 million related to the adoption of Financial Accounting Standards No. 109 and approximately $.4 million related to the acquisition of new warehouses since the third quarter of fiscal 1993.

Cost of sales as a percentage of net sales increased to 62.2% in the first three quarters of fiscal 1994 from 60.6% in the first three quarters of fiscal 1993, primarily due to increased activity at ATS and increased handling activity which carries lower operating margins.

SELLING AND ADMINISTRATIVE EXPENSES - Selling and administrative expenses for the first three quarters of fiscal 1994 were $20.6 million, an increase of .8% from $20.4 million for the first three quarters of last fiscal year. Excluding the warehouses acquired since the third quarter of fiscal 1993, selling and administrative expenses for the first nine months of fiscal 1994 were $20.2 million. This decrease primarily reflects a decrease of approximately $.9 million in salaries and related fringe benefits. Other expenses were down, including office supplies and communications, while professional fees, due primarily to one-time expenses for consulting services related to third party logistics and administrative expenses, and meeting and travel expenses increased.

GROSS OPERATING MARGIN - Gross operating margin decreased 3.3% to $35.1 million for the first nine months of fiscal 1994 from $36.3 million for the same period in fiscal 1993. Excluding the $4.9 million of disputed sales related to the Kansas City, Kansas warehouse fire and the allowance for non-collection of disputed billings and other expenses of $3.6 million, gross operating margin for the first nine months of fiscal 1993 would have been virtually unchanged at $35.0 million. Decreased volume and lease revenue at the Kansas City, Kansas warehouse facility, as a result of the fire, continues to adversely affect the Company's gross operating margin.

INTEREST EXPENSE - Interest expense increased to $41.5 million for the first three quarters of fiscal 1994 from $38.8 million for the first three quarters of fiscal 1993, as a result of the mortgage financed acquisition of the new facility in fiscal 1993 and the increase in the principal amount of mortgage bonds outstanding. See Financial Condition, below.

LOSS - The Company's loss before income taxes, extraordinary item and cumulative effect of accounting changes for the first nine months of fiscal 1994 was $6.5 million compared to a loss of $2.8 million in the first nine months of fiscal 1993. Excluding the $4.9 million of disputed sales related to the Kansas City, Kansas warehouse fire and the allowance for non-collection of disputed billings and other expenses of $3.6 million, the loss for the first nine months of fiscal 1993 would have been $4.1 million. The principal reasons for the increased loss includes the increase in interest expense and the decrease in gross operating margin, discussed above.

EXTRAORDINARY LOSS - During the first quarter of fiscal 1994, the Company repurchased $150 million in face value of its Series A Mortgage Bonds. The transaction resulted in an extraordinary loss to the Company, net of taxes, of approximately $1.8 million. See Financial Condition, below and Part I, Item 1, Financial Information, Note 7 of Notes to Consolidated Financial Statements.

ACCOUNTING STANDARDS - Effective March 1, 1993, the Company implemented Financial Accounting Standards Board Statement of Financial Accounting Standard No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions", and Statement No. 109, "Accounting for Income Taxes". See Part I, Item 1, Financial Information, Note 8 of Notes to Consolidated Financial Statements.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

LIQUIDITY AND CAPITAL RESOURCES
- --------------------------------

The Company relies primarily upon cash generated by operations to service debt and fund capital expenditures. For the first three quarters of fiscal 1994, net cash flow from operating activities as reported in the Company's consolidated financial statements decreased to $20.3 million from $21.7 million for the first three quarters of fiscal 1993. The decrease is due primarily to the decrease in deferred income taxes after adjusting for the effects of the accounting principle change. Cash provided by operations and the release of escrowed funds were, together with other items, sufficient to reduce bank borrowings by $8.6 million, provide for $7.6 million in expenditures for property, plant and equipment, and increase the Company's cash balance to $7.9 million at the end of the third quarter of fiscal 1994 compared to the $1.6 million at the end of the same quarter of fiscal 1993.

On March 9, 1993, the Company sold $176.25 million aggregate principal amount of the Company's 11.5% First Mortgage Bonds, Series B, due March 1, 2005. The Company used $150 million of the proceeds from the sale of the Series B Bonds to purchase at par $150 million of outstanding 11.45% First Mortgage Bonds, due 2002. The remaining $150 million of such First Mortgage Bonds have been redesignated Series A First Mortgage Bonds (together with the Series B First Mortgage Bonds, the "First Mortgage Bonds"). The remaining net proceeds of approximately $22.3 million were placed in escrow with the Mortgage Bond Trustee and will be released to fund construction or acquisition of warehouse properties.

On May 15, 1992, the Company entered into a sale/leaseback transaction with respect to its Ontario, Oregon warehouse facility. The transaction generated approximately $15 million in cash. The Company received approximately $3 million at closing and the remainder was placed in escrow with the Mortgage Bond Trustee under the Mortgage Bond Indenture related to the First Mortgage Bonds. In February 1993, in anticipation of substituting additional collateral, the Company received $7.0 million of escrowed funds which the Company used to reduce its borrowings under the revolving credit agreement to a level where remaining borrowings were refinanced with borrowings under its new bank credit agreement (see Annual Report on Form 10-K for the fiscal year ended February 28, 1993, Management's Discussion and Analysis of Financial Condition and Results of Operation - Liquidity and Capital Resources, page 23). During May 1993, the Company

contributed its Tomah, Wisconsin facility, valued at $7.0 million, to the collateral pool for the First Mortgage Bonds. The remaining approximately $5.0 million of the funds from the sale/leaseback transaction is being held in escrow pending substitution of collateral. The Trustee released approximately $4.2 million as reimbursement to the Company for construction costs associated with the new addition at the Fogelsville, Pennsylvania facility. Subsequent to the end of the quarter, on December 6, 1993, the Trustee released an additional $1.6 million in anticipation of the contribution of the new Fogelsville, Pennsylvania facility to the collateral pool.

Excluding accrued employee stock ownership plan expense, the Company's working capital position as of the last day of November 1993 was a negative $8.7 million. This compares to a negative $15.3 million at fiscal 1993 year end. The increase in working capital was due primarily to an increase in cash of $5.5 million and a decrease in current maturities of long-term debt of $8.5 million which were partially offset by an increase in accrued interest of $3.2 million and a decrease of other current assets of $1.7 million. The Company's historical negative working capital position has not affected, and is not expected to affect, the Company's ability to meet its operating commitments. Rather than accumulating and investing excess cash, the Company pays down the balance owing on its bank credit agreement on a daily basis when cash flow from operations exceeds current needs.

The unused and available amount under the bank credit agreement as of the last day of February 1993 and November 1993 was approximately $5.8 million and $14.3 million, respectively. The Company borrows under the bank credit agreement primarily to fund operating expenditures and to make interest payments.

The commitment level at November 30, 1993 under the bank credit agreement, as amended on October 1, 1993, was $27.5 million with a maximum of $20 million available for cash borrowing and a maximum of $10 million available for letter of credit borrowing. Any amount by which the letter of credit borrowings exceeds $7.5 million reduces the available cash amount under the agreement by a like amount. Based on eligible accounts receivable as of November 30, 1993, the Company had an available credit line of $14.3 million, of

which no amount was borrowed. The Company had approximately $8.3 million of outstanding letters of credit, principally related to workers' compensation reserves, against the available $10.0 million.

As a result of the offering of the Mortgage Bonds and the bank refinancing, as discussed above, significant long-term debt repayment requirements after fiscal 1994 have been deferred. However, the Company continues to recognize the need to increase operating cash flow and, as circumstances allow, to obtain alternative sources of financing. Management expects to continue to use current available excess operating cash flow as well as additional outside borrowings and escrowed funds to invest in new or expanded warehouse properties. Management expects to continue this policy as long as investment opportunities appear to add to the Company's long-term value.

The Company's present level of cash flow from operations and escrowed funds is sufficient to cover all interest payments and planned capital expenditures for fiscal 1994 and fiscal 1995.

CAPITAL RESOURCES - Expenditures for property, plant and equipment for the first nine months of fiscal 1994 totaled $9.3 million. Budgeted fiscal 1994 capital expenditures total approximately $13.4 million, including approximately $5.3 million for property expansions, and approximately $8.1 million for revenue enhancement or cost reduction expenditures and routine replacement or betterments. A portion, related primarily to material handling equipment, is expected to be leased on an operating or capital lease basis. Expenditures for the first nine months of fiscal 1994 included approximately $4.7 million for expansion of the Fogelsville, Pennsylvania facility, and approximately $4.6 million for revenue enhancement or cost reductions and routine replacement or betterments. The Company does not anticipate spending the total amount of its budgeted fiscal 1994 capital expenditures. The Company's capital expenditures are substantially discretionary.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

EFFECT OF KANSAS CITY, KANSAS WAREHOUSE FIRE
- ---

In December 1991, a fire began at the Company's Kansas City, Kansas underground warehouse facility. As a result of the fire, the Company's warehousing activities in Kansas City have operated at a substantially reduced level. The Company continues to be unable to predict its ability to return the Kansas City facility to normal operating volume, to attract new tenants, or the ultimate resolution of liability issues. The Kansas City warehouse represented approximately 19% of Americold's total storage capacity and accounted for approximately 8% of consolidated warehouse sales and approximately 8% of earnings before interest, taxes, depreciation and amortization in fiscal 1991. The Company estimates that as of November 30, 1993, approximately 85% of the usable refrigerated warehouse space at the facility had been restored to pre-fire conditions.

IMPACT ON OPERATING EARNINGS - As a result of the fire, operating earnings at the Kansas City facility have been adversely affected. The Company has business interruption insurance which it believes will cover a significant portion of the loss of business income through the coverage period. The coverage period has not yet been agreed upon between the Company and its insurance carrier. There can be no assurance, however, that business interruption insurance proceeds will be collected, when such insurance proceeds may be collected or the amount of such proceeds. Under its insurance policies, the Company has received advances of $7.2 million as of November 30, 1993, against pending claims. See "Collectability of Amounts Owed," below.

POSSIBLE THIRD PARTY LIABILITY FOR STORED PRODUCT - Lawsuits have been filed in connection with the Kansas City fire. The lawsuits allege, among other things, various acts of negligence on the part of the Company. The defense of existing lawsuits has been tendered to the Company's insurance carriers. At this stage, the Company is not able to evaluate the theories upon which the claims and suits are based or the likelihood of an unfavorable outcome, or to estimate the amount or range of potential loss, if any. See "Part II, Item 1. - Legal Proceedings."

COLLECTABILITY OF AMOUNTS OWED - Disputed receivables associated with the revenues recorded for product stored as well as expenses related to the fire at the Kansas City

facility have been recorded as "Other receivables" since the fourth quarter of fiscal 1992. The amount of such receivables included in "Other receivables" at the end of the third quarter of fiscal 1994 was $1.8 million, net of a $4.1 million allowance and $7.2 million in insurance advances. The components of "Other receivables" that relate to the fire are shown below:

	November 30, 1993
	(Dollars in Millions)

Disputed billings	$ 5.9<1>
Fire-related expenses submitted to the insurance carrier and personal property lost	7.2
Advances received from insurance carriers	(7.2)
Allowance for non-collection of disputed billings and other expenses	(4.1)
Other receivables	$ 1.8

____

<1> $5.9 million represents total disputed billings related to the fire; of this amount, $0.8 million reflects revenues recorded in the fourth quarter fiscal 1992 and $5.1 million reflects revenues recorded in fiscal 1993. No disputed billings have been recorded since third quarter of fiscal 1993.

While the Company believes that a significant portion of these disputed amounts should be recovered from its business interruption insurance carrier, there can be no assurance as to the certainty of collection or the timing thereof. The Company's establishment of an allowance of $4.1 million is in consideration of the possibility of noncollection of disputed billings and other expenses incurred at the Kansas City facility. In addition, if a portion of the insurance advances ultimately is not applied to business interruption

losses, the Company may be required to reduce operating income for the period in which the final allocation of such advances is determined. The Company cannot predict the ultimate allocation of such advances at this time.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is named as a defendant in actions arising out of the normal course of its business. As of December 31, 1993, the Company was not a party to any pending legal proceeding that it believes to be material other than lawsuits filed in connection with the Kansas City fire. See Item 1, "Legal Proceedings", Form 10-Q, dated October 14, 1993 for the quarter ended August 31, 1993. See also Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operation - Effects of Kansas City, Kansas Warehouse Fire".

Five additional suits have been filed in connection with the Kansas City fire in state or federal court in Kansas subsequent to the third quarter of 1994: (1) Principal Mutual Life Insurance Company versus Americold Corporation and Americold Services Corporation (filed in the United States District Court for the District of Kansas, December 17, 1993); (2) Glenn Falls Insurance Company and Metmor Financial, Inc. versus Americold Corporation and Americold Services Corporation (filed in the United States District Court for the District of Kansas, December 17, 1993); (3) Marcus Phillips D/B/A Phillips Confections and Hanover Kansas City, Inc. versus Americold Corporation and Americold Services Corporation (filed in the United States District Court for the District of Kansas, December 28, 1993); (4) Commerce Bank of Kansas City, N.A. versus Americold Corporation and Americold Services Corporation (filed in the United States District Court for the District of Kansas, December 28, 1993); and (5) Fidelity and Deposit Company of Maryland versus Americold Corporation and Americold Services Corporation (filed in the District Court of Wyandotte County, Kansas, December 29, 1993). These suits have been tendered to the Company's insurance carriers. The suits described in this paragraph assert claims based upon, among other things, aggravated and ordinary negligence, breach of contract and bailment obligations and violations of the Uniform Commercial Code in connection with the fire.

In addition, two previously described suits related to the fire have been settled for immaterial amounts subsequent to the end of the third quarter of 1994: (1) Waddell & Reed, Inc. and Waddell & Reed Services Company versus Americold Corporation and Americold Services Corporation (filed in the District Court of Wyandotte County, Kansas, December 22, 1992); and (2) Real Foods Marketing Company, Inc. versus Americold Corporation and Americold Services Corporation, et al. (filed in the District Court of Wyandotte County, Kansas, April 29, 1993).

A total of twenty-one suits arising from the fire are pending in state and federal courts in Kansas by warehouse and record center customers, tenants and insurers seeking aggregate specified damages in excess of $1.1 million and unspecified damages to be proven at trial. See Item 1, "Legal Proceedings," Form 10-Q dated October 14, 1993 for quarter ended August 31, 1993. Additional lawsuits may be filed in connection with the fire. The Company and its insurers are vigorously contesting all actions.

The Company is not able to evaluate the theories upon which the claims and suits are based or the likelihood of an unfavorable outcome, or to estimate the amount or range of potential loss, if any. While the Company carries substantial property, liability, warehouseman's legal liability and business interruption insurance, the adequacy of coverage will depend upon events the Company cannot predict.

The warehouse receipts issued to the public warehouse customers provide a $.50 per pound limit on the Company's liability for loss or damage for product stored. As discussed below, two courts have upheld that provision contained in the Company's warehouse receipts which limited the amount of damages for which the Company could be liable upon a finding of ordinary negligence. Of product in storage in the public warehousing space at the time of the fire, the Company believes approximately 112 million pounds may have received smoke damage. Of this amount, approximately 46 million pounds were stored under warehouse receipts and therefore the Company may be able to limit its maximum exposure related to these pounds to approximately $23 million. The remaining approximately 66 million pounds were stored under a warehouse contract with no express limitation on the Company's liability for loss or damage for product stored. The Company does not know the aggregate amount or value of product stored under the contract and therefore cannot reliably estimate its maximum exposure.

On September 9, 1993 and September 20, 1993, the United States District Court for the District of Kansas (the "Court") issued orders in Butler Manufacturing Company et al. versus Americold Corporation, et al., and the cases consolidated therewith. The orders were issued in response to motions for partial summary judgment concerning the enforceability of certain limitation of liability provisions in the Company's warehouse receipts and contracts with customers at the Kansas City facility.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS (cont.)

The Court upheld the provision contained in the Company's warehouse receipts that limited to $.50 per pound the amount of damages for which the Company could be liable upon a finding of ordinary negligence. The Court also ruled, however, that the limitation provisions would not apply to any liability of the

Company for willful or wanton conduct. In addition, the Court held the limitation of liability provisions contained in the Company's record storage contracts to be unenforceable. The invalidated provisions would have excused the Company from any liability for ordinary negligence and would have limited the total amount of damages which could be collected from the Company. The Court denied the Company's request that the Court reconsider its ruling with respect to the records storage contracts.

On November 19, 1993 and November 23, 1993, the District Court of Wyandotte County, Kansas, issued an order in Associated Grocers et al. versus Americold Corporation et al., and cases consolidated therewith, that reached the same result concerning the enforceability of the limitation of liability provisions described above. The Company has requested that the District Court of Wyandotte County reconsider its ruling with respect to the records storage contracts.

The Company is unable at this time to assess the effect of these orders upon the ultimate potential liability of the Company with respect to the Kansas City fire.

With regard to tenants, the Company does not know the aggregate amount or value of product stored and therefore cannot reliably estimate its maximum exposure to tenants.

The Company filed a petition for a declaratory judgment, Americold Corporation and Americold Services Corporation versus National Union Fire Insurance Company (filed in the United States District Court for the District of Kansas, May 27, 1993), requesting the court to declare the rights and duties of the parties under the policy of primary general liability insurance and to determine that there is coverage.

While the Company carries substantial property, liability, warehouseman's legal liability and business interruption insurance, the adequacy of coverage will depend upon events the Company cannot currently predict. One of the Company's principal liability insurance policies contains an aggregate coverage limit for loss related to property damage, business interruption and warehouseman's legal liability. Although the Company disputes that

it has any liability with respect to the Kansas City fire, and although the Company does not believe that the ultimate property damage or liability exposure will exceed insurance coverage, there can be no assurance that the Company will not be found liable for damage or that the total damages resulting from the fire will not exceed its insurance coverage.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10 Material Contracts

10.1 Nonstatutory Stock Option Agreement dated May 19, 1993 between the Company and John P. LeNeveu

10.2 First Amendment, dated October 1, 1993, to the Credit Agreement between the Company and United States National Bank of Oregon dated February 3, 1993

10.3 Employment Agreement dated December 6, 1993, between the Company and J. Roy Coxe

11 Statement re Computation of Per Share Earnings

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated September 24, 1993, was filed disclosing two court rulings related to the enforceability of certain limitation of liability provisions in the Company's warehouse receipts and contracts with customers in litigation in connection with a December 1991 fire at its Kansas City, Kansas facility.

SIGNATURES

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

AMERICOLD CORPORATION

/s/Joel M. Smith

JOEL M. SMITH, Senior Vice President
and Chief Financial Officer

Date: January 13, 1994

AMERICOLD CORPORATION

FORM 10-Q

Exhibit Index

Exhibit 10.1

AMERICOLD CORPORATION
KEY EMPLOYEE STOCK OPTION PLAN
NONSTATUTORY STOCK OPTION AGREEMENT

THIS AGREEMENT is effective as of the 19th day of May, 1993 between AMERICOLD CORPORATION (the "Company"), and JOHN P. LeNEVEU (the "Optionee").

To attract and retain able, experienced and trained people and to provide additional incentives to key employees, the Board of Directors adopted and the shareholders of the Company approved the Company's Key Employee Stock Option Plan (the "Plan"). Pursuant to the Plan, the Compensation Committee of the Board of Directors (the "Committee") has approved the grant to the Optionee of an option to purchase shares of the Company's Common Stock, $.01 par value (the "Common Stock"), in the amount indicated below. This option is a nonstatutory stock option and is not an Incentive Stock Option as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Company and the Optionee agree as follows:

1. The Company grants to the Optionee, upon the terms and conditions set forth below and in the Plan, the right and option (the "Option") to purchase up to 30,000 shares (the "Option Shares") of the Company's authorized, but unissued or reacquired, Common Stock at a purchase price of $21.88 per share.

(a) Subject to reductions in the Option term as provided in subsection (d) of this Section, the Option shall continue in effect until and including May 18, 2003 (the "Expiration Date"); provided, however, that in the event of the liquidation or dissolution of the Company other than in connection with a transaction described in subsection (f) of this Section, the Option, to the extent unexercised, shall automatically terminate. Except as provided in subsection (d) of this Section, the Option may be exercised from time to time over the term of the Option by the purchase of Option Shares in the following amounts:

(i) During the first year following the grant of the Option -- none;

(ii) May 19, 1994 -- one-fifth of the Option Shares;

(iii) May 19, 1995 -- an additional one-fifth of the Option Shares;

(iv) May 19, 1996 -- an additional one-fifth of the

Option Shares;

(v) May 19, 1997 --an additional one-fifth of the Option Shares; and

(vi) May 19, 1998 -- the remaining one-fifth of the Option Shares;

provided, however, if the Optionee does not purchase in any one year the full number of Option Shares to which the Optionee is then entitled, the Optionee's rights shall be cumulative, and the Optionee may purchase those Option Shares in any subsequent year during the term of the Option.

(b) Except as provided in subsection (d) of this Section, the Option may not be exercised unless the Optionee is then employed by the Company or a subsidiary (as defined in Section 424(f) of the Code) of the Company ("Subsidiary") and has been so employed continuously since the date the Option was granted. However, a leave of absence under rules established by the Board of Directors shall not be deemed an interruption of employment for purposes of this Agreement.

(c) The Option shall not be transferable except by will or by the laws of descent and distribution of the state or country of the Optionee's domicile at the time of the Optionee's death. Any such transfer of the Option or Option Shares shall be subject to the terms and conditions of the Stockholders' Agreement dated as of December 24, 1986, as currently amended and as amended hereafter (the "Stockholders' Agreement"), among the Company, Kelso Equity Partners, L.P., Kelso & Company, L.P., Kelso Investment Associates II, L.P., KIA III-Americold Inc., L.P., The Northwestern Mutual Life Insurance Company, New York Life Insurance Company, New York Life Insurance and Annuity Corporation and various other shareholders of the Company. The Option shall be exercisable during the Optionee's lifetime only by the Optionee or the Optionee's guardian or legal representative.

(d) If the employment of the Optionee by the Company or a Subsidiary terminates before the Expiration Date, the following shall apply:

(i) If the employment of the Optionee by the Company or a Subsidiary terminates for any reason other than for cause or as a result of voluntary termination (as described in Section 7 of the Employment Agreement dated as of May 29, 1992 between the Company and Optionee), and such termination of employment occurs before May 19, 1998, the then-unexercised portion of the Option may be exercised, to the extent that the Optionee was entitled to do so on the date of termination, at any time prior to the earlier of (A) the Expiration Date of the Option, or (B) the expiration of three months after the date of termination.

(ii) If the employment of the Optionee by the Company or a Subsidiary terminates for cause or as a result of voluntary termination (as described in Section 7 of the Employment Agreement dated May 29, 1992 between the Company and Optionee), and such termination of employment occurs before May 19, 1998, the then-unexercised portion of the Option shall expire, and Optionee shall have no further right or interest in the Option.

(iii) If the employment of the Optionee by the Company or a Subsidiary terminates for any reason other than death or permanent and total disability (as defined in the Plan), and such termination of employment does not occur before May 19, 1998, the then-unexercised portion of the Option may be exercised, to the extent that the Optionee was entitled to do so on the date of termination, at any time prior to the earlier of (A) the Expiration Date of the Option, or (B) the expiration of three months after the date of termination.

(iv) If the employment of the Optionee by the Company or a Subsidiary is terminated because of permanent and total disability (as defined in the Plan), and such termination of employment does not occur before May 19, 1998, the then-unexercised portion of the Option may be exercised, to the extent that the Optionee was entitled to do so on the date of termination, at any time prior to the earlier of (A) the Expiration Date of the Option, or (B) the expiration of one year after the date of termination.

(v) If the Optionee dies while employed by the Company or a Subsidiary, and the date of death does not occur before May 19, 1998, the then-unexercised portion of the Option may be exercised, to the extent that the Optionee was entitled to do so on the date of the Optionee's death, at any time prior to the earlier of (A) the Expiration Date of the Option, or (B) the expiration of one year after the date of the Optionee's death. However, in the event of the Optionee's death, the Option may be exercised only as permitted under, and subject to the terms and conditions of, the Stockholders'

Agreement.

(e) Option Shares may be purchased only upon receipt by the Company of written notice from the Optionee specifying the number of Option Shares the Optionee desires to purchase, accompanied by full payment in cash for the Option Shares being purchased plus any required withholding tax. In addition, the written notice shall contain a representation that the Optionee intends to acquire the Option Shares for investment and not for resale. Any required withholding tax shall be paid in cash or, when applicable, through a payroll deduction no later than the next payroll cycle. No Option Shares shall be issued until full payment has been made. The Optionee shall have none of the rights of a shareholder with respect to any Option Shares until the Optionee becomes the holder of record of such Option Shares.

(f) If the outstanding shares of Common Stock are changed into or exchanged for a different number or kind of shares of the Company or other securities of the Company by reason of any merger, consolidation, recapitalization, reclassification, stock split-up, stock dividend or combination of shares, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares as to which the unexercised portion of the Option shall be exercisable, to the end that after such event the Optionee's right to a proportionate interest in the Company shall be maintained as if the Option had already been exercised and the Option Shares were subject to such change or exchange. Such adjustment shall be made without change in the total price applicable to the unexercised portion of the Option and with a corresponding adjustment in the exercise price per Option Share. Any such adjustment made by the Committee shall be final and binding upon the Company, the Optionee and all other interested persons.

(g) In the event of (i) dissolution or liquidation of the Company, (ii) a merger in which the Company is not the surviving corporation, or (iii) a share exchange pursuant to which the outstanding shares of common Stock of the Company are acquired by another corporation, then either (i) the Committee, upon authorization of the Board, shall make an appropriate and equitable adjustment in the number and kinds of securities covered by outstanding options, and such options shall be expressly assumed by the successor corporation, if any; or (ii) in lieu of such an adjustment, the Board shall provide a 30-day period prior to such event during which each Optionee shall have the right to exercise the Optionee's outstanding options, in whole or in part, without regard to the time the options have been outstanding and without regard to any vesting schedule provided for in any option agreement entered into pursuant to the Plan. If the Board provides for such a 30-day period, options not exercised shall expire at the end of such 30-day period.

2. The obligations of the Company under this Agreement shall be subject to the approval of such state or federal authorities or agencies as may have jurisdiction in the matter. The Company shall use its best efforts to take such steps as may be required by state or federal law or applicable regulations, including rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's shares may then be listed, in connection with the issuance of any Option Shares, the listing of such shares on any such exchange, or the sale of any Option Shares. The Company shall not be obligated to issue or deliver any Option Shares if, upon advice of its legal

counsel, such issuance or delivery would violate state or federal law.

3. Nothing in the Plan or in this Agreement shall confer upon the Optionee any right to continued employment with the Company or any Subsidiary or shall interfere in any way with the right of the Company or any Subsidiary by whom such Optionee is employed to terminate the Optionee's employment at any time, either with or without cause.

4. This Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company, but, except as provided above, the Option shall not be assigned or otherwise disposed of by the Optionee.

5. The Option is subject to the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the Plan shall control.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate.

COMPANY: AMERICOLD CORPORATION

By: /s/ Ronald H. Dykehouse

Ronald H. Dykehouse, Chairman
and Chief Executive Officer

OPTIONEE:

/s/ John P. LeNeveu

John P. LeNeveu

Address:

4655 S.W. Chunut Court
Tualatin, Oregon 97062

Exhibit 10.2

FIRST AMENDMENT TO CREDIT AGREEMENT
BETWEEN
AMERICOLD CORPORATION
AND
UNITED STATES NATIONAL BANK OF OREGON

Dated as of October 1, 1993.

WHEREAS, Americold Corporation ("Americold") and United States National Bank of Oregon ("U. S. Bank") entered into a credit agreement dated as of February 3, 1993 (the "Agreement") and

WHEREAS, the parties thereto desire to amend certain of the terms of the Agreement,

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. The definition of "Fixed Charges" in the Agreement is amended to read as follows:

"Fixed Charges" for any period means, with respect to Americold and its subsidiaries, (a) the consolidated interest expense (excluding consolidated interest expense attributable to original issue discount amortization) of Americold and its subsidiaries for such period (calculated without regard to any limitation on the payment thereof); (b) all obligations with respect to operating leases of any property (whether real, personal, or mixed) which is not a capital lease, net of any rent received with respect to such operating leases; (c) rental payments with respect to capital leases which reduce the obligations with respect to capital leases properly classified as liabilities on the consolidated balance sheet of Americold and its Subsidiaries in conformity with generally accepted accounting principles; (d) cash taxes payable on consolidated net income for such period; and (e) the principal payments on all Indebtedness of Americold and its Subsidiaries which by its terms or by the terms of any instrument or agreement relating thereto matures more than one year from, or is directly renewable or extendable at the option of the debtor to a date more than one year (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from the date

of the creation thereof, but (f) excluding Indebtedness incurred hereunder."

2. The definition of "Net Worth" in the Agreement is amended to read as follows:

"Net Worth" of Americold will mean at any time the sum of (a) stockholder's equity plus (b) Subordinated Debt, without giving effect to any one-time or cumulative charges associated with the implementation of SFAS 106 and 109."

3. Section 2.1 is amended to read as follows:

"2.1 Commitment. Subject to and upon the terms and conditions herein set forth, U. S. Bank agrees to make a loan or loans (each a "Loan" and collectively the "Loans") to Americold from time to time on or after the Closing Date and prior to the Termination Date, which Loans (a) will, at the option of Americold, be either Prime Rate loans or Eurodollar Loans, or any combination thereof, (b) may be repaid and, subject to the terms and conditions specified herein, may be reborrowed in accordance with the provisions hereof, and (c) will not exceed (including the amount of Letters of Credit Outstanding) at any time the Commitment. Loans (other than to repay Unpaid Drawings pursuant to Section 3.4) shall not exceed the lesser of (i) $20,000,000 minus Americold's Letter of Credit usage in excess of $7,500,000 or (ii) the Borrowing Base minus Americold's Letter of Credit usage in excess of $7,500,000, except that Loans may exceed the Borrowing Base during the period from July 1, 1993, through October 31, 1993, by not more than $4,000,000, without causing a Default or Agreement violation. If at any other time the limitation in the foregoing sentence is exceeded, Americold shall promptly pay the amount necessary to reduce outstanding Loans so as not to exceed such limitation."

4. Section 3.1(a) is amended to read as follows:

"(a) Subject to and upon the terms and conditions herein set forth, U. S. Bank will issue, upon written request of Americold, at any time and from time to time on or after the Closing Date and prior to the Termination

Date, for the account of Americold and for the benefit of any holder of payment obligations of Americold or any Subsidiary, one or more irrevocable letters of credit which will not exceed $10,000,000 in the aggregate at any time in such form as may be approved by U. S. Bank in support of said payment obligations (each a "Letter of Credit")."

5. Section 8.12 is amended to read as follow:

"8.12 ASC Stock. U. S. Bank agrees to release the pledge of ASC stock if commitment reduction occurs, facility usage changes, or Borrowing Base capacity grows to permanently, separately, and adequately support actual and potential Letters of Credit Outstanding."

6. The Agreement is amended by deleting the definition of "Mortgage" and all references to Mortgage Mortgages, specifically the references to such terms in definitions of "Collateral" and "Credit Documents" and Sections 2.5(a), 6.1(h), 7.3, 7.8, 8.9, 10.7, and 10.9 Agreement.

7. Section 8.13 is amended to read as follow

"8.13 Release of Escrowed Funds. By December 31, 1993, Americold shall have received distribution of the remaining $5,050,000 of the original $12,050,000 in proceeds from the sale-leaseback of its Ontario, Oregon, facility, which funds are currently being held in escrow, or otherwise demonstrated to the satisfaction of U. S. Bank its ability to service projected cash flow requirements without exceeding the advance limitations in Section 2.1 of this Agreement."

8. Section 9.9(b) is amended to read as follows:

"(b) After the Bond Refinancing Date, Americold will not permit the ratio of (x) Available Cash Flow plus Net Cash plus the unutilized portion of the Commitment to (y) Pro Forma Debt Service for any period of four consecutive fiscal quarters (taken as one accounting period) to be less than 1.01:1."

9. Undefined terms used herein which are de] the Agreement shall have the meaning set forth in the Ac Except as herein modified, the terms and conditions of Agreement are reaffirmed and ratified as though fully set herein.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement, effective as of the 1st day of October, 1993.

AMERICOLD CORPORATION

By: /s/ Lon V. Leneve

Title: Vice President & Treasurer

UNITED STATES NATIONAL BANK OF OREGON

By: /s/ Alex Sember

Title: Vice President

Exhibit 10.3

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement"), dated as of December 6, 1993, is between Americold Corporation, an Oregon corporation ("Employer" or "Americold"), and J. Roy Coxe ("Employee").

RECITALS

Employer is engaged in the public refrigerated warehouse business. Employer desires to employ Employee on a full-time basis as a Senior Vice president and to perform the duties set forth in this Agreement. Employee desires to accept the employment.

NOW, THEREFORE, in consideration of the mutual promises, agreements and conditions hereinafter set forth, it is agreed as follows:

1. Employment. Employer agrees to employ Employee and Employee agrees to accept employment upon the terms and conditions hereinafter set forth. Employee represents and warrants that he knows of no reason why he is not physically capable of performing his obligations under this Agreement in accordance with its terms.

2. Term. Subject to the termination provisions in this Agreement, the term of this Agreement will begin December 20, 1993 and will terminate on December 19, 1996.

3. Duties. Employee will perform the duties of the Senior Vice President, Logistics, of Employer. Such duties shall include those associated with the Americold's Third-Party Logistics Strategy, and those duties as may be assigned to him from time to time by the President or the Board of Directors of Employer. Employee agrees to use his best efforts to promote the interests of Employer and to devote his entire working time, attention and energies to performance of his duties under this Agreement. Employee shall at all times faithfully and to the best of his ability perform the duties that may be required of him by Employer. During the term of this Agreement, Employee agrees not to be engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage. However, this Agreement shall not prevent Employee from attending to his personal investment matters, provided that such matters do not significantly affect the performance of Employee's responsibilities under the Agreement or violate the provisions of

Section 8 below. The duties of Employee shall be rendered at such places and times as the needs of Employer shall require.

Initially, Employee agrees to move to the Portland, Oregon area by June 6, 1994, or as otherwise agreed to by Employer, and to continue to reside there during the term of this Agreement unless otherwise agreed to by Employer.

4. Base Compensation. Subject to Section 7 of this Agreement, employee shall receive base compensation of $12,500 per month, payable in accordance with Employer's standard payroll procedures for management employees. The base compensation shall be subject to adjustment on an annual basis in accordance with Employer's normal compensation practices.

5. Management Incentive Plan. Employee shall be a participant in the Americold Management Incentive Plan during his employment, and in any other senior management incentive programs offered to general management as approved by the Compensation Committee of the Board of Directors.

Specific plan standards are to be developed around targets outlined in the A. T. Kearney study dated September 16, 1993. Current levels of bonus award range will be maintained as minimum percentages of base salary potentially available. Current percentages range from 0% to 62% maximum, with a 37% target. Subject to the termination provisions provided below, a bonus of $23,250 will be awarded March 1, 1994, and a minimum bonus of $55,500 awarded March 1, 1995.

6. Employee Benefits. Employer agrees to provide to Employee all employee benefits, including insurance benefits, vacation time and expense reimbursements, as are generally available to executive officers of Employer. Employer agrees to pay Employee's reasonable relocation expenses, including reasonable and customary closing expenses on a new home in the Portland, Oregon area and reasonable expenses of moving normal household goods from current residence to the Portland, Oregon area. Employee will be responsible for the sale of his existing residence and for all expenses related to such sale.

7. Termination.

(a) For Cause. Employer may terminate Employee's employment at any time for cause with immediate effect, upon delivering written notice thereof to Employee. For purposes of this Agreement, "for cause" shall include: (i) negligence, recklessness, willful misconduct or incompetence in the performance of Employee's duties; (ii) embezzlement, theft, larceny, material fraud or other acts of dishonesty (including the unauthorized disclosure of confidential information); (iii) the continued failure of Employee to render services in accordance with this

Agreement; (iv) conviction of or entrance of a plea of guilty or nolo contendere to a felony or other crime that has or may have a material adverse effect on Employee's ability to carry out his duties under this Agreement or upon the reputation of Employer; (v) conduct involving moral turpitude; or (vi) material insubordination or repeated insubordination after warning by Employer. Upon termination for cause, Employer's sole and exclusive obligation will be to pay Employee his base compensation earned through the date of termination, plus any employee benefits earned through the date of termination in accordance with the applicable plans. Employee shall not be entitled to any compensation after the date of such termination.

(b) Without Cause. Employer may terminate Employee's employment at any time without cause upon written notice. Upon termination without cause, Employer's sole and exclusive obligation will be to pay Employee as severance pay a gross sum equal to one year's base compensation, as provided in Section 4 of this Agreement, or the balance of the salary, plus bonus, provided for through the then remaining term of this Agreement, whichever is greater, plus any employee benefits earned through the date of termination in accordance with the applicable plans. Employee shall not be entitled to any other compensation or benefits after the date of such termination, except as provided under any applicable management incentive plans or stock option agreements.

(c) Upon Death. In the event of Employee's death during the term of this Agreement, Employer's sole and exclusive obligation under this Agreement will be to pay Employee's widow, or to his estate, if he is not survived by his wife, Employee's base compensation through the last day of the month in which his death occurs, plus any employee benefits to which Employee was entitled in accordance with the applicable plans.

(d) Upon Disability. This Agreement shall terminate, at Employer's option, upon Employee's total disability. Employee's total disability means his inability to perform his duties under this Agreement by reason of illness or accident for a period of three consecutive months. Upon termination by reason of Employee's disability, Employer's sole and exclusive obligation will be to pay Employee his base compensation, plus any employee benefits earned through the date of termination in accordance with applicable plans.

(e) Voluntarily by Employee. If Employee voluntarily terminates his employment, Employer's sole and exclusive obligation will be to pay to Employee his base compensation earned through the date of termination, plus any employee benefits earned through the date of termination in accordance with the applicable plans. Employee shall not be entitled to any other compensation or benefits after the date of such voluntary termination.

8. Confidentiality; Noncompetition.

(a) Confidentiality. Employee acknowledges that during the course of his employment by Employer, he will be exposed to, have disclosed to him and may develop information that is proprietary to Employer (the "Confidential Information"). The Confidential Information includes, but is not limited to, financial data, budgets and projections, trade secrets, information concerning the operation, design and marketing of services and processes, business and strategic plans, business procedures, customer lists, files, analyses, data, manuals, specifications, performance standards, instructions and any other proprietary material or information related to Employer, its business or operations, and the ideas and information relating thereto. Employee will at no time use or permit any non-Americold person or entity to examine, use or derive benefit from the Confidential Information except in the course of performing his duties under this Agreement. Employee shall maintain all Confidential Information in the strictest confidence, and shall take all necessary precautions needed to preserve its confidentiality. All documents and materials evidencing the Confidential Information, and copies thereof, shall at all times remain the property of Employer. Upon demand, Employee will deliver to Employer all documents and other materials which contain or pertain to the Confidential Information. The provisions of Section 8(a) shall remain in full force and effect following termination of this Agreement for any reason.

(b) Noncompetition. Employee agrees that during the term of this Agreement and for a period of 12 months following termination of his employment for any reason, other than termination by Employer without cause, Employee will not:

(i) Directly or indirectly own (as a proprietor, general or limited partner, shareholder, trust beneficiary or otherwise), manage, operate, participate in (as an employee, agent, manager, director, officer, consultant or otherwise), perform services or consult for, or otherwise carry on in any capacity whatsoever for, a business engaged in competition with Employer or any of its subsidiaries or affiliates within any jurisdiction or marketing area in which Employer or any of its subsidiaries of affiliates is doing business; or

(ii) Directly or indirectly induce or attempt to persuade any current or future employee, agent, manager, partner, consultant, director of, or other participant in, the business of Employer to terminate such employment or other relationship.

9. Breach. Upon a breach by Employee of any of the terms or conditions of the confidentiality or noncompetition covenants in Section 8, Employer shall have the right to:

(a) Recover from Employee its actual damages incurred by reason of such breach, including attorney fees and costs;

(b) Obtain injunctive relief to prevent the breach or continued breach of the covenants without proof of actual damages; and

(c) Pursue any other remedy available at law or in equity.

It is the desire and intent of the parties that the provisions of Section 8 shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If any particular provisions or portion of Section 8 shall be adjudicated to be invalid or unenforceable, this Agreement shall be deemed amended to delete those provisions or scope to the extent unenforceable. Such amendment shall apply only with respect to the operation of Section 8 in the particular jurisdiction in which such adjudication was made.

10. Assignment. This Agreement is a personal contract and, except as specifically set forth herein, the rights and interests of Employee herein may not be sold, transferred or assigned. The rights and obligations of Employer shall be binding upon and run in favor of the successors and assigns of Employer. In the event of any attempted assignment or transfer of rights hereunder contrary to the provisions hereof, Employer shall have no further liability for payments thereunder.

11. Waiver. The waiver by Employer of the breach of any provision of this Agreement by Employee shall not operate or be construed as a waiver of any subsequent breach by Employee.

12. Modification. No amendment, modification or discharge of this Agreement shall be valid unless it is in writing and duly executed by the parties.

13. Construction. This Agreement shall be construed in accordance with and governed by the laws of the state of Oregon.

14. Entire Agreement. The entire agreement between the parties is contained herein. This Agreement supersedes any and all prior agreements and understandings between the parties. There are no promises or representations made on behalf of Employer to induce Employee to enter into this Agreement which are not set forth herein.

15. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be sufficient if personally delivered or mailed, postage pre-paid by same-day or overnight mail as follows:

If to Employer: President
Americold Corporation
7007 S. W. Cardinal Lane, Suite 135
Portland, Oregon 97224

With a copy to: Brian G. Booth
Tonkon, Torp, Galen, Marmaduke & Booth
1600 Pioneer Tower
888 S. W. Fifth Avenue
Portland, Oregon 97204-2099

If to Employee: J. Roy Coxe
Americold Corporation
7007 S. W. Cardinal Lane, Suite 135
Portland, Oregon 97224

16. Severability. The invalidity or unenforceability of any provision hereof shall in no way effect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, this Agreement has been signed by Employer and Employee.

EMPLOYER

AMERICOLD CORPORATION

By: /s/ Ronald H. Dykehouse

Ronald H. Dykehouse
President

EMPLOYEE

/s/ J. Roy Coxe

J. Roy Coxe

Exhibit 11

AMERICOLD CORPORATION
STATEMENT RE COMPUTATION OF
PER SHARE EARNINGS
(In thousands, except per share data)

	Three Months Ended Last Day of November 1992	Three Months Ended Last Day of November 1993	Nine Months Ended Last Day of November 1992	Nine Months Ended Last Day of November 1993
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net loss	$ (1,367)	$ (670)	$ (5,192)	$(74,151)
Less: total accrued preferred dividend				
(4,386 shares x 13.25% x 3/12 yr)	(145)	-	-	-
(4,967 shares x 11.50% x 3/12 yr)	-	(143)	-	-
(3,839 shares x 14.25% x 4/12 yr)	-	-	(182)	-
(4,386 shares x 13.25% x 5/12 yr)	-	-	(242)	-
(4,386 shares x 13.25% x 4/12 yr)	-	-	-	(194)
(4,967 shares x 11.50% x 5/12 yr)	-	-	-	(238)
Net loss for per share calculation	$ (1,512)	$ (813)	$ (5,616)	$(74,583)
Weighted average number of shares outstanding	4,837	4,853	4,835	4,852
Net loss				

per share	$ (0.31)	$ (0.17)	$ (0.16)	$ (15.37)