

PRIMO WATER CORP /CN/

FORM 10-Q (Quarterly Report)

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Telephone	813-313-1732
CIK	0000884713
Symbol	PRMW
SIC Code	2086 - Bottled and Canned Soft Drinks and Carbonated Waters
Industry	Non-Alcoholic Beverages
Sector	Consumer Non-Cyclicals
Fiscal Year	12/28

**United States
Securities and Exchange Commission
Washington, D.C. 20549**

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: **March 29, 2014**

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: **001-31410**

COTT CORPORATION

(Exact name of registrant as specified in its charter)

CANADA
(State or Other Jurisdiction of
Incorporation or Organization)

98-0154711
(IRS Employer
Identification No.)

6525 VISCOUNT ROAD
MISSISSAUGA, ONTARIO, CANADA

L4V 1H6

5519 WEST IDLEWILD AVENUE
TAMPA, FLORIDA, UNITED STATES
(Address of principal executive offices)

33634
(Zip Code)

Registrant's telephone number, including area code: (905) 672-1900 and (813) 313-1800

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, no par value per share

Outstanding at May 1, 2014
94,328,224 shares

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Cott Corporation

Consolidated Statements of Operations

(in millions of U.S. dollars, except share and per share amounts)

Unaudited

	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Revenue, net	\$ 475.1	\$ 505.4
Cost of sales	424.8	449.0
Gross profit	50.3	56.4
Selling, general and administrative expenses	42.3	41.3
Loss on disposal of property, plant & equipment	0.1	—
Restructuring and asset impairments		
Restructuring	2.2	—
Asset impairments	1.6	—
Operating income	4.1	15.1
Other (income) expense, net	(2.3)	0.3
Interest expense, net	9.8	13.3
(Loss) income before income taxes	(3.4)	1.5
Income tax (benefit) expense	(0.9)	0.5
Net (loss) income	\$ (2.5)	\$ 1.0
Less: Net income attributable to non-controlling interests	1.4	1.0
Net loss attributed to Cott Corporation	\$ (3.9)	\$ —
Net loss per common share attributed to Cott Corporation		
Basic	\$ (0.04)	\$ —
Diluted	(0.04)	—
Weighted average outstanding shares (thousands) attributed to Cott Corporation		
Basic	94,319	95,371
Diluted	94,319	95,801
Dividends declared per share	\$ 0.06	\$ 0.06

The accompanying notes are an integral part of these consolidated financial statements.

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Cott Corporation

Condensed Consolidated Statements of Comprehensive (Loss) Income

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Net (loss) income	\$ (2.5)	\$ 1.0
Other comprehensive (loss) income:		
Currency translation adjustment	(1.6)	(12.4)
Pension benefit plan, net of tax ¹	—	0.2
Unrealized (loss) gain on derivative instruments, net of tax ²	(0.1)	0.1
Total other comprehensive loss	(1.7)	(12.1)
Comprehensive loss	\$ (4.2)	\$ (11.1)
Less: Comprehensive income attributable to non-controlling interests	1.4	0.9
Comprehensive loss attributed to Cott Corporation	\$ (5.6)	\$ (12.0)

1. Net of the effect of \$0.1 million tax expense and \$0.1 million tax expense for the three months ended March 29, 2014 and March 30, 2013, respectively.
2. Net of the effect of nil tax benefit and \$0.1 million tax expense for the three months ended March 29, 2014 and March 30, 2013, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

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Cott Corporation

Consolidated Balance Sheets

(in millions of U.S. dollars, except share amounts)

Unaudited

	March 29, 2014	December 28, 2013
ASSETS		
<i>Current assets</i>		
Cash & cash equivalents	\$ 40.6	\$ 47.2
Accounts receivable, net of allowance of \$5.7 (\$5.8 as of December 28, 2013)	237.9	204.4
Income taxes recoverable	1.1	1.1
Inventories	249.0	233.1
Prepaid expenses and other current assets	19.1	19.3
Total current assets	547.7	505.1
Property, plant & equipment, net	472.6	483.7
Goodwill	136.5	137.3
Intangibles and other assets, net	292.1	296.2
Deferred income taxes	4.9	3.6
Other tax receivable	0.4	0.2
Total assets	\$1,454.2	\$ 1,426.1
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Short-term borrowings	\$ 130.9	\$ 50.8
Current maturities of long-term debt	3.9	3.9
Accounts payable and accrued liabilities	273.8	298.2
Total current liabilities	408.6	352.9
Long-term debt	387.8	403.5
Deferred income taxes	41.8	41.5
Other long-term liabilities	20.8	22.3
Total liabilities	859.0	820.2
<i>Equity</i>		
Capital stock, no par—94,325,432 (December 28, 2013 - 94,238,190) shares issued	393.6	392.8
Additional paid-in-capital	44.2	44.1
Retained earnings	167.3	176.3
Accumulated other comprehensive loss	(18.5)	(16.8)
Total Cott Corporation equity	586.6	596.4
Non-controlling interests	8.6	9.5
Total equity	595.2	605.9
Total liabilities and equity	\$1,454.2	\$ 1,426.1

The accompanying notes are an integral part of these consolidated financial statements.

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Cott Corporation

Consolidated Statements of Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Operating Activities		
Net (loss) income	\$ (2.5)	\$ 1.0
Depreciation & amortization	25.3	24.7
Amortization of financing fees	0.6	0.7
Share-based compensation expense	1.3	0.7
Decrease in deferred income taxes	(1.1)	—
Write-off of financing fees and discount	0.3	—
Loss on disposal of property, plant & equipment	0.1	—
Asset impairments	1.6	—
Other non-cash items	(0.2)	0.3
Change in operating assets and liabilities, net of acquisition:		
Accounts receivable	(33.3)	(28.2)
Inventories	(16.5)	(13.2)
Prepaid expenses and other current assets	0.2	(0.6)
Other assets	0.2	(0.1)
Accounts payable and accrued liabilities, and other liabilities	(28.5)	(44.1)
Income taxes recoverable	—	0.2
Net cash used in operating activities	(52.5)	(58.6)
Investing Activities		
Additions to property, plant & equipment	(8.8)	(19.9)
Additions to intangibles and other assets	(1.5)	(0.2)
Proceeds from insurance recoveries	—	0.4
Net cash used in investing activities	(10.3)	(19.7)
Financing Activities		
Payments of long-term debt	(16.0)	(0.5)
Borrowings under ABL	95.0	—
Payments under ABL	(15.1)	—
Distributions to non-controlling interests	(2.3)	(2.1)
Common shares repurchased and cancelled	(0.4)	(2.9)
Dividends to shareholders	(5.1)	—
Net cash provided by (used in) financing activities	56.1	(5.5)
Effect of exchange rate changes on cash	0.1	(2.6)
Net decrease in cash & cash equivalents	(6.6)	(86.4)
Cash & cash equivalents, beginning of period	47.2	179.4
Cash & cash equivalents, end of period	\$ 40.6	\$ 93.0
Supplemental Non-cash Investing and Financing Activities:		
Dividend payable issued through accounts payable and accrued liabilities	—	5.6
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 16.6	\$ 15.9
Cash paid for income taxes, net	\$ 0.3	\$ 0.5

The accompanying notes are an integral part of these consolidated financial statements.

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Cott Corporation

Consolidated Statements of Equity

(in millions of U.S. dollars, except share amounts)

Unaudited

	Cott Corporation Equity						
	Number of Common Shares <i>(In thousands)</i>	Common Shares	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non- Controlling Interests	Total Equity
Balance at December 29, 2012	95,371	\$ 397.8	\$ 40.4	\$ 186.0	\$ (12.4)	\$ 11.1	\$622.9
Share-based compensation	—	—	0.7	—	—	—	0.7
Dividend payment	—	—	—	(5.6)	—	—	(5.6)
Distributions to non-controlling interests	—	—	—	—	—	(2.1)	(2.1)
Comprehensive (loss) income							
Currency translation adjustment	—	—	—	—	(12.3)	(0.1)	(12.4)
Pension benefit plan, net of tax	—	—	—	—	0.2	—	0.2
Unrealized gain on derivative instruments, net of tax	—	—	—	—	0.1	—	0.1
Net income	—	—	—	—	—	1.0	1.0
Balance at March 30, 2013	95,371	\$ 397.8	\$ 41.1	\$ 180.4	\$ (24.4)	\$ 9.9	\$604.8
Balance at December 28, 2013	94,238	\$ 392.8	\$ 44.1	\$ 176.3	\$ (16.8)	\$ 9.5	\$605.9
Common shares repurchased and cancelled	(54)	(0.4)	—	—	—	—	(0.4)
Common shares issued - Time-based RSUs	141	1.2	(1.2)	—	—	—	—
Share-based compensation	—	—	1.3	—	—	—	1.3
Dividend payment	—	—	—	(5.1)	—	—	(5.1)
Distributions to non-controlling interests	—	—	—	—	—	(2.3)	(2.3)
Comprehensive (loss) income							
Currency translation adjustment	—	—	—	—	(1.6)	—	(1.6)
Unrealized loss on derivative instruments, net of tax	—	—	—	—	(0.1)	—	(0.1)
Net (loss) income	—	—	—	(3.9)	—	1.4	(2.5)
Balance at March 29, 2014	94,325	\$ 393.6	\$ 44.2	\$ 167.3	\$ (18.5)	\$ 8.6	\$595.2

The accompanying notes are an integral part of these consolidated financial statements.

Cott Corporation
Notes to the Consolidated Financial Statements
Unaudited

Note 1 — Business and Recent Accounting Pronouncements

Description of Business

Cott Corporation, together with its consolidated subsidiaries (“Cott,” “the Company,” “our Company,” “Cott Corporation,” “we,” “us,” or “our”), is one of the world’s largest producers of beverages on behalf of retailers, brand owners and distributors. Our product lines include carbonated soft drinks (“CSDs”), 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks, sports products, new age beverages and ready-to-drink teas, as well as alcoholic beverages for brand owners.

Basis of Presentation

The accompanying interim unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial reporting. Accordingly, they do not include all information and notes presented in the annual consolidated financial statements in conformity with U.S. GAAP. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of our results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. This Quarterly Report on Form 10-Q should be read in conjunction with the annual audited consolidated financial statements and accompanying notes in our Annual Report on Form 10-K for the year ended December 28, 2013. The accounting policies used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements.

The presentation of these interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

Recent Accounting Pronouncements

Update ASU 2013-11 — Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the Financial Accounting Standards Board (“FASB”) amended its guidance regarding the information provided in relation to the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. For public entities, the amendments are effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. We have adopted this guidance and incorporated it into the presentation of our financial statements.

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Note 2 — Acquisitions

Calypso Acquisition

In June 2013, our United Kingdom (“U.K.”) reporting segment acquired 100 percent of the share capital of Cooke Bros. Holdings Limited (the “Calypso Acquisition”), which includes the subsidiary companies Calypso Soft Drinks Limited and Mr. Freeze (Europe) Limited (together, “Calypso”). Calypso produces fruit juices, juice drinks, soft drinks, and freeze products in the United Kingdom. The aggregate purchase price for the acquisition of Calypso was \$12.1 million, which includes approximately \$7.0 million paid at closing, deferred payments of approximately \$2.3 million and \$3.0 million to be paid on the first and second anniversary of the closing date, respectively. In connection with the Calypso Acquisition, we paid off \$18.5 million of outstanding debt of the acquired companies. The closing payment was funded from available cash.

The total consideration paid by us in the Calypso Acquisition, subject to final working capital adjustments, is summarized below:

<u>(in millions of U.S. dollars)</u>	
Cash	\$ 7.0
Deferred consideration ¹	5.1
Total consideration	<u>\$12.1</u>

1. Principal amount of \$5.3 million discounted to present value.

Our primary reasons for the Calypso Acquisition were to expand Cott’s product portfolio and enhance our customer offering and growth prospects.

Supplemental Pro Forma Data (unaudited)

The following unaudited financial information for the three months ended March 30, 2013 represent the combined results of our operations as if the Calypso Acquisition had occurred on December 30, 2012. The unaudited pro forma financial information does not necessarily reflect the results of operations that would have occurred had we operated as a single entity during such period.

<u>(in millions of U.S. dollars, except share amounts)</u>	<u>For the Three Months Ended</u> <u>March 30, 2013</u>	
Revenue	\$	517.4
Net income		0.5
Net income per common share, diluted	\$	0.01

Cliffstar Acquisition

On August 17, 2010, we completed the acquisition of substantially all of the assets and liabilities of Cliffstar Corporation (“Cliffstar”) and its affiliated companies (the “Cliffstar Acquisition”) for approximately \$503.0 million in cash, \$14.0 million in deferred consideration payable in equal installments over three years and contingent consideration of up to \$55.0 million. Contingent consideration of \$34.9 million was ultimately paid to the seller of Cliffstar, and all claims for contingent consideration have been resolved as of December 28, 2013.

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Note 3—Restructuring and Asset Impairments

We implement restructuring programs from time to time that are designed to improve operating effectiveness and lower costs. When we implement these programs, we incur various charges, including severance, asset impairments, and other employment related costs. During the first quarter of 2014, we implemented one such program, which involved the closure of two of our smaller plants, one located in North America and another one located in the United Kingdom (the “2014 Restructuring Plan”). The plant closures are expected to be completed by the end of our 2014 fiscal year and will result in cash charges associated with employee redundancy costs and relocation of assets, and non-cash charges related to asset impairments and accelerated depreciation on property, plant and equipment. In connection with the 2014 Restructuring Plan, we expect to incur total charges of approximately \$6.0 million to \$8.0 million. During the first quarter of the comparable prior year period, we did not have restructuring activity.

The following table summarizes restructuring charges for the three months ended March 29, 2014 in connection with the 2014 Restructuring Plan:

<u>(in millions of U.S. dollars)</u>	<u>North America</u>	<u>United Kingdom</u>	<u>Total</u>
Restructuring	\$ 2.1	\$ 0.1	\$ 2.2
Asset impairments	0.9	0.7	1.6
	<u>\$ 3.0</u>	<u>\$ 0.8</u>	<u>\$ 3.8</u>

The following tables summarize our restructuring liability as of March 29, 2014, along with charges to costs and expenses and cash payments:

2014 Restructuring Plan:

	<u>North America</u>			
	<u>Balance at December 28,</u>	<u>Charges to costs</u>		<u>Balance at</u>
<u>(in millions of U.S. dollars)</u>	<u>2013</u>	<u>and expenses</u>	<u>Cash payments</u>	<u>2014</u>
Severance liability—restructuring	\$ —	\$ 2.1	\$ (0.2)	\$ 1.9
	<u>\$ —</u>	<u>\$ 2.1</u>	<u>\$ (0.2)</u>	<u>\$ 1.9</u>
	<u>United Kingdom</u>			
	<u>Balance at December 28,</u>	<u>Charges to costs</u>		<u>Balance at</u>
<u>(in millions of U.S. dollars)</u>	<u>2013</u>	<u>and expenses</u>	<u>Cash payments</u>	<u>2014</u>
Severance liability—restructuring	\$ —	\$ 0.1	\$ —	\$ 0.1
	<u>\$ —</u>	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 0.1</u>

Note 4 — Share-Based Compensation

The table below summarizes the share-based compensation expense for the three months ended March 29, 2014 and March 30, 2013. This share-based compensation expense was recorded in selling, general, and administrative expenses in our Consolidated Statements of Operations. As used below: (i) “Performance-based RSUs” mean restricted share units with performance-based vesting granted under the Company’s 2010 Equity Incentive Plan (the “2010 Equity Incentive Plan”) or Amended and Restated Equity Plan (as defined below), as the case may be, (ii) “Time-based RSUs” mean restricted share units with time-based vesting granted under the 2010 Equity Incentive Plan or Amended and Restated Equity Plan, as the case may be, and (iii) “Stock options” mean non-qualified stock options granted under the Amended and Restated Equity Plan, the 2010 Equity Incentive Plan, or the 1986 Common Share Option Plan, as amended (the “Option Plan”), as the case may be.

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<i>(in millions of U.S. dollars)</i>	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Stock options	\$ 0.4	\$ 0.1
Performance-based RSUs	0.2	0.2
Time-based RSUs	0.7	0.4
Total	<u>\$ 1.3</u>	<u>\$ 0.7</u>

As of March 29, 2014, the unrecognized share-based compensation expense and years we expect to recognize it as compensation expense were as follows:

<i>(in millions of U.S. dollars, except years)</i>	Unrecognized share-based compensation expense as of March 29, 2014	Weighted average years expected to recognize compensation
Stock options	\$ 2.9	2.2
Performance-based RSUs	2.4	2.5
Time-based RSUs	5.3	2.2
Total	<u>\$ 10.6</u>	

Stock option activity for the three months ended March 29, 2014 was as follows:

	Shares <i>(in thousands)</i>	Weighted average exercise price
Balance at December 28, 2013	830	\$ 8.17
Awarded	441	8.00
Outstanding at March 29, 2014	1,271	\$ 8.11
Exercisable at March 29, 2014	144	\$ 8.35

During the three months ended March 29, 2014, Performance-based RSU and Time-based RSU activity was as follows:

	Number of Performance- based RSUs <i>(in thousands)</i>	Weighted Average Grant-Date Fair Value	Number of Time-based RSUs <i>(in thousands)</i>	Weighted Average Grant-Date Fair Value
Balance at December 28, 2013	534	\$ 7.81	831	\$ 8.04
Awarded	274	8.00	368	8.00
Issued	—	—	(141)	8.29
Forfeited	(23)	7.88	(41)	8.37
Outstanding at March 29, 2014	<u>785</u>	<u>\$ 7.87</u>	<u>1,017</u>	<u>\$ 7.98</u>

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On February 14, 2013, our board of directors adopted an amendment and restatement of the 2010 Equity Incentive Plan (the “Amended and Restated Equity Plan”), pursuant to which the 2010 Equity Incentive Plan was amended and restated to, among other things, increase the number of shares that may be issued under the plan to 12,000,000 shares and to provide that the number of shares available for issuance will be reduced 2.0 shares for each share issued pursuant to a “full-value” award (i.e., an award other than an option or stock appreciation right) after the effective date of the amendment and restatement. The Amended and Restated Equity Plan was approved by Cott’s shareowners on April 30, 2013. Awards made in 2011 and 2012 prior to the amendment and restatement are generally governed by the 2010 Equity Incentive Plan.

Certain outstanding stock options were granted under the Option Plan. Our board of directors terminated the Option Plan as of February 23, 2011, and no further awards will be granted under it. In connection with the termination of the Option Plan, outstanding options will continue in accordance with the terms of the Option Plan until exercised, forfeited or terminated, as applicable.

Note 5 — Income Taxes

Income tax benefit was \$0.9 million on pretax loss of \$3.4 million for the three months ended March 29, 2014, as compared to an income tax expense of \$0.5 million on pretax income of \$1.5 million for the three months ended March 30, 2013. The first quarter’s income tax rate was 25% in comparison to the prior year rate of 33%. This is the result of an immaterial discrete item related to prior periods and a change to the earnings mix relative to the comparable prior year period.

Note 6 — Net (Loss) Income Per Common Share

Basic net (loss) income per common share is computed by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted net income per common share is calculated using the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, of the exercise of in-the-money stock options, Performance-based RSUs and Time-based RSUs. Diluted net loss per common share is equivalent to basic net loss per common share.

A reconciliation of the denominators of the basic and diluted net income per common share computations is as follows:

(in thousands)	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Weighted average number of shares outstanding—basic	94,319	95,371
Dilutive effect of stock options	—	49
Dilutive effect of Performance-based RSUs	—	127
Dilutive effect of Time-based RSUs	—	254
Adjusted weighted average number of shares outstanding—diluted	94,319	95,801

At March 29, 2014, we excluded 882,951 (March 30, 2013—50,000) stock options from the computation of diluted net (loss) income per share because the options’ exercise price was greater than the average market price of the common shares. In addition, we excluded the impact of the remaining stock options, Performance-based RSU’s and Time-based RSUs from the computation of diluted net loss per share as they were considered anti-dilutive for purposes of calculating loss per share.

Note 7 — Segment Reporting

Our product lines include CSDs, 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks, sports products, new age beverages and ready-to-drink teas, as well as alcoholic beverages for brand owners. Our business operates through three reporting segments—North America (which includes our U.S. operating segment and Canada operating segment), U.K. (which includes our United Kingdom operating segment and our Continental European operating segment), and All Other (which includes our Mexico operating segment, our Royal Crown International (“RCI”) operating segment and other Miscellaneous Expenses). Our corporate oversight function (“Corporate”) is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments. The primary measures used in evaluating our reporting segments are revenues, operating income (loss), and additions to property, plant and equipment, which have been included as part of our segment disclosures listed below. During the fourth quarter of 2013, management reviewed our reporting segments and subsequently combined our Mexico and RCI reporting segments with the segment previously classified as All Other into one segment classified as All Other. Prior year information has been updated to reflect the change in our reporting segments.

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<i>(in millions of U.S. dollars)</i>	<u>North America</u>	<u>United Kingdom</u>	<u>All Other</u>	<u>Corporate</u>	<u>Total</u>
For the Three Months Ended March 29, 2014					
External revenue ¹	\$ 344.7	\$ 115.6	\$14.8	\$ —	\$ 475.1
Depreciation and amortization	20.9	4.0	0.4	—	25.3
Operating income (loss)	2.3	2.2	2.5	(2.9)	4.1
Additions to property, plant and equipment	5.8	3.0	—	—	8.8
As of March 29, 2014					
Property, plant and equipment	353.2	110.3	9.1	—	472.6
Goodwill	123.1	8.9	4.5	—	136.5
Intangibles and other assets	264.7	27.1	0.3	—	292.1
Total assets ²	1,102.4	313.7	38.1	—	1,454.2

1. Intersegment revenue between North America and the other reporting segments was \$6.1 million for the three months ended March 29, 2014.

2. Excludes intersegment receivables, investments and notes receivable.

<i>(in millions of U.S. dollars)</i>	<u>North America</u>	<u>United Kingdom</u>	<u>All Other</u>	<u>Corporate</u>	<u>Total</u>
For the Three Months Ended March 30, 2013					
External revenue ¹	\$ 393.2	\$ 97.4	\$14.8	\$ —	\$ 505.4
Depreciation and amortization	21.0	3.2	0.5	—	24.7
Operating income (loss)	16.7	—	1.3	(2.9)	15.1
Additions to property, plant and equipment	14.5	4.6	0.8	—	19.9
As of December 28, 2013					
Property, plant and equipment	363.3	111.0	9.4	—	483.7
Goodwill	124.0	8.8	4.5	—	137.3
Intangibles and other assets	268.2	27.7	0.3	—	296.2
Total assets ²	1,089.5	296.3	40.3	—	1,426.1

1. Intersegment revenue between North America and the other reporting segments was \$3.8 million for the three months ended March 30, 2013.

2. Excludes intersegment receivables, investments and notes receivable.

For the three months ended March 29, 2014, sales to Walmart accounted for 28.6% (March 30, 2013—32.8%) of our total revenue, 34.7% of our North America reporting segment revenue (March 30, 2013—37.8%), 14.2% of our U.K. reporting segment revenue (March 30, 2013—16.5%) and 0.3% of our All Other reporting segment revenue (March 30, 2013—6.7%).

Credit risk arises from the potential default of a customer in meeting its financial obligations with us. Concentrations of credit exposure may arise with a group of customers that have similar economic characteristics or that are located in the same geographic region. The ability of such customers to meet obligations would be similarly affected by changing economic, political or other conditions. We are not currently aware of any facts that would create a material credit risk.

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Revenues are attributed to operating segments based on the location of the customer. Revenues by operating segment were as follows:

<i>(in millions of U.S. dollars)</i>	For the Three Months Ended	
	March 29, 2014	March 30, 2013
United States	\$ 324.1	\$ 354.8
Canada	37.3	47.5
United Kingdom	115.6	97.4
All Other	14.8	14.8
Elimination ¹	(16.7)	(9.1)
Total	\$ 475.1	\$ 505.4

- ¹ Represents intersegment revenue among our operating segments, of which \$6.1 million represents intersegment revenue between the North America reporting segment and our other operating segments for the three months ended March 29, 2014 and \$3.8 million represents intersegment revenue between the North America reporting segment and our other operating segments for the three months ended March 30, 2013.

Revenues by product by reporting segment were as follows:

For the Three Months Ended March 29, 2014				
<i>(in millions of U.S. dollars)</i>	North America	United Kingdom	All Other	Total
Revenue				
Carbonated soft drinks	\$ 119.3	\$ 38.1	\$ 1.2	\$158.6
Juice	120.9	11.8	0.7	133.4
Concentrate	3.6	0.7	5.9	10.2
Sparkling Waters/Mixers	43.4	16.6	0.8	60.8
Energy	6.6	27.0	1.7	35.3
All other products	50.9	21.4	4.5	76.8
Total	<u>\$ 344.7</u>	<u>\$ 115.6</u>	<u>\$ 14.8</u>	<u>\$475.1</u>

For the Three Months Ended March 30, 2013				
<i>(in millions of U.S. dollars)</i>	North America	United Kingdom	All Other	Total
Revenue				
Carbonated soft drinks	\$ 151.4	\$ 32.7	\$ 3.6	\$187.7
Juice	135.0	3.1	0.5	138.6
Concentrate	3.1	0.6	6.8	10.5
Sparkling Waters/Mixers	43.1	14.7	1.3	59.1
Energy	6.2	28.0	1.6	35.8
All other products	54.4	18.3	1.0	73.7
Total	<u>\$ 393.2</u>	<u>\$ 97.4</u>	<u>\$ 14.8</u>	<u>\$505.4</u>

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Property, plant and equipment by geographic area as of March 29, 2014 and December 28, 2013 were as follows:

<i>(in millions of U.S. dollars)</i>	March 29,	December 28,
	2014	2013
United States	\$ 312.1	\$ 319.5
Canada	41.1	43.8
United Kingdom	110.3	111.0
All Other	9.1	9.4
Total	\$ 472.6	\$ 483.7

Note 8 — Inventories

The following table summarizes inventories as of March 29, 2014 and December 28, 2013:

<i>(in millions of U.S. dollars)</i>	March 29,	December 28,
	2014	2013
Raw materials	\$ 93.2	\$ 89.0
Finished goods	137.9	126.3
Other	17.9	17.8
Total	\$ 249.0	\$ 233.1

Note 9 — Intangibles and Other Assets

The following table summarizes intangibles and other assets as of March 29, 2014:

<i>(in millions of U.S. dollars)</i>	March 29, 2014		
	Cost	Accumulated Amortization	Net
Intangibles			
<i>Not subject to amortization</i>			
Rights	\$ 45.0	\$ —	\$ 45.0
<i>Subject to amortization</i>			
Customer relationships	379.9	174.0	205.9
Trademarks	32.6	25.7	6.9
Information technology	51.8	30.9	20.9
Other	6.4	3.9	2.5
	<u>470.7</u>	<u>234.5</u>	<u>236.2</u>
	<u>515.7</u>	<u>234.5</u>	<u>281.2</u>
Other Assets			
Financing costs	26.3	17.0	9.3
Deposits	1.1	—	1.1
Other	0.8	0.3	0.5
	<u>28.2</u>	<u>17.3</u>	<u>10.9</u>
Total Intangibles & Other Assets	\$543.9	\$ 251.8	\$292.1

Our only intangible asset with an indefinite life relates to the 2001 acquisition of intellectual property from Royal Crown Company, Inc., including the right to manufacture our concentrates, with all related inventions, processes, technologies, technical and manufacturing information, know-how and the use of the Royal Crown brand outside of North America and Mexico (the "Rights").

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Amortization expense of intangible and other assets was \$8.4 million for the three months ended March 29, 2014 and \$8.6 million for the three months ended March 30, 2013.

The estimated amortization expense for intangibles over the next five years is:

<i>(in millions of U.S. dollars)</i>	
Remainder of 2014	\$ 23.1
2015	29.4
2016	26.0
2017	22.7
2018	21.8
Thereafter	113.2
Total	\$236.2

Note 10 — Debt

Our total debt as of March 29, 2014 and December 28, 2013 was as follows:

<i>(in millions of U.S. dollars)</i>	March 29, 2014	December 28, 2013
8.375% senior notes due in 2017 ¹	—	15.0
8.125% senior notes due in 2018	375.0	375.0
ABL facility	130.9	50.8
GE Term Loan	9.9	10.3
Capital leases and other debt financing	6.8	7.2
Total debt	522.6	458.3
Less: Short-term borrowings and current debt:		
ABL facility	130.9	50.8
Total short-term borrowings	130.9	50.8
GE Term Loan—current maturities	2.0	1.9
Capital leases and other financing—current maturities	1.9	2.0
Total current debt	134.8	54.7
Long-term debt before discount	387.8	403.6
Less discount on 8.375% notes	—	(0.1)
Total long-term debt	\$ 387.8	\$ 403.5

¹ Our 8.375% senior notes were issued at a discount of 1.425% on November 13, 2009.

Asset-Based Lending Facility

On March 31, 2008, we entered into a credit agreement with JPMorgan Chase Bank, N.A. as Agent that created an asset-based lending credit facility (the “ABL facility”) to provide financing for our North America, U.K. and Mexico operations. In connection with the Cliffstar Acquisition, we refinanced the ABL facility on August 17, 2010 to, among other things, provide for the Cliffstar Acquisition, the issuance of \$375.0 million of 8.125% senior notes that are due on September 1, 2018 (the “2018 Notes”) and the application of net proceeds therefrom, the underwritten public offering of 13,340,000 common shares at a price of \$5.67 per share and the application of net proceeds therefrom and to increase the amount available for borrowings to \$275.0 million. We drew down a portion of the indebtedness under the ABL facility in order to fund the Cliffstar Acquisition. We incurred \$5.4 million of financing fees in connection with the refinancing of the ABL facility.

On July 19, 2012, we amended the ABL facility to, among other things, extend the maturity date to July 19, 2017. We incurred \$1.2 million of financing fees in connection with the amendment of the ABL facility. This amendment was considered to be a modification of the original agreement under generally accepted accounting principles.

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On October 22, 2013, we amended the ABL facility to, among other things, (1) provide for an increase in the lenders' commitments under the ABL facility to \$300.0 million, as well as to increase the accordion feature, which permits us to increase the lenders' commitments under the ABL facility to \$350.0 million, subject to certain conditions, (2) extend the maturity date to the earliest of (i) October 22, 2018 or (ii) March 1, 2018, if we have not redeemed, repurchased or refinanced the 2018 Notes by February 15, 2018, and (3) provide for greater flexibility under certain covenants. We incurred approximately \$0.7 million of financing fees in connection with the amendment of the ABL facility. This amendment was considered to be a modification of the original agreement under generally accepted accounting principles.

The financing fees incurred in connection with the refinancing of the ABL facility on August 17, 2010, along with the financing fees incurred in connection with the amendments of the ABL facility on July 19, 2012 and on October 22, 2013, are being amortized using the straight-line method over the duration of the amended ABL facility.

As of March 29, 2014, we had \$130.9 million of outstanding borrowings under the ABL facility. The commitment fee was 0.375% per annum of the unused commitment, which, taking into account \$7.5 million of letters of credit, was \$141.1 million as of March 29, 2014.

8.125% Senior Notes due in 2018

On August 17, 2010, we issued the 2018 Notes. The issuer of the 2018 Notes is our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and United Kingdom subsidiaries guarantee the 2018 Notes. The interest on the 2018 Notes is payable semi-annually on March 1st and September 1st of each year.

We incurred \$8.6 million of financing fees in connection with the issuance of the 2018 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2018 Notes.

8.375% Senior Notes due in 2017

On November 13, 2009, we issued the 2017 Notes. The 2017 Notes were issued at a \$3.1 million discount. The issuer of the 2017 Notes was our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and United Kingdom subsidiaries guaranteed the 2017 Notes. The interest on the 2017 Notes was payable semi-annually on May 15th and November 15th of each year. We incurred \$5.1 million of financing fees in connection with the 2017 Notes.

On November 15, 2013, we redeemed \$200.0 million aggregate principal amount of our 2017 Notes at 104.118% of par. The redemption included approximately \$8.2 million in premium payments as well as approximately \$4.5 million in deferred financing fees, discount charges and other bond redemption costs.

On February 19, 2014, we redeemed all of the remaining \$15.0 million aggregate principal amount of the 2017 Notes at 104.118% of par. The redemption included approximately \$0.6 million in premium payments as well as approximately \$0.3 million in deferred financing fees and discount charges.

GE Term Loan

In January 2008, we entered into a capital lease finance arrangement with General Electric Capital Corporation ("GE Capital") for the lease of equipment. In September 2013, we purchased the equipment subject to the lease for an aggregate purchase price of \$10.7 million, with the financing for such purchase provided by GE Capital at 5.23% interest.

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Note 11 — Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income by component ¹ for the three months ended March 29, 2014 were as follows:

<i>(in millions of U.S. dollars)</i>	March 29, 2014			
	Gains and Losses on Derivative Instruments	Pension Benefit Plan Items	Currency Translation Adjustment Items	Total
Beginning balance December 28, 2013	\$ 0.2	\$ (8.4)	\$ (8.6)	\$(16.8)
OCI before reclassifications	—	—	(1.6)	(1.6)
Amounts reclassified from AOCI	(0.1)	—	—	(0.1)
Net current-period OCI	(0.1)	—	(1.6)	(1.7)
Ending balance March 29, 2014	<u>\$ 0.1</u>	<u>\$ (8.4)</u>	<u>\$ (10.2)</u>	<u>\$(18.5)</u>

1. All amounts are net of tax. Amounts in parentheses indicate debits.

The following table summarizes the amounts reclassified from accumulated other comprehensive (loss) income ¹ for the three months ended March 29, 2014 and March 30, 2013, respectively.

<i>(in millions of U.S. dollars)</i>	For the Three Months Ended		Affected Line Item in the Statement Where Net Income Is Presented
	March 29, 2014	March 30, 2013	
Details About AOCI Components			
Gains and losses on derivative instruments			
Foreign currency hedges	\$ 0.1	\$ 0.1	Cost of sales
	\$ 0.1	\$ 0.1	Total before taxes
	—	—	Tax (expense) or benefit
	<u>\$ 0.1</u>	<u>\$ 0.1</u>	Net of tax
Amortization of pension benefit plan items			
Prior service costs ²	\$ —	\$ (0.1)	
Actuarial adjustments ²	—	(0.1)	
	—	(0.2)	Total before taxes
	—	—	Tax (expense) or benefit
	<u>\$ —</u>	<u>\$ (0.2)</u>	Net of tax
Total reclassifications for the period	<u>\$ 0.1</u>	<u>\$ (0.1)</u>	Net of tax

1. Amounts in parentheses indicate debits.

2. These AOCI components are included in the computation of net periodic pension cost.

Note 12 — Commitments and Contingencies

We are subject to various claims and legal proceedings with respect to matters such as governmental regulations, and other actions arising out of the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on our financial position, results of operations, or cash flow.

In June 2013, we completed the Calypso Acquisition which included deferred payments of \$2.3 million and \$3.0 million to be paid on the first and second anniversary of the closing date, respectively.

We had \$7.5 million in standby letters of credit outstanding as of March 29, 2014 (March 30, 2013—\$11.2 million).

In March 2014, we had a favorable legal settlement in the amount of \$3.5 million of which \$3.0 million was collected in April 2014 and the remaining \$0.5 million is due in January 2015.

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Note 13 — Share Repurchase Program

On April 30, 2013, our board of directors renewed our share repurchase program for up to 5% of Cott's outstanding common shares over a 12-month period commencing upon the expiration of the prior share repurchase program on May 21, 2013. During the first quarter ended March 29, 2014, we repurchased 6,453 common shares for less than \$0.1 million through open market transactions. We are unable to predict the number of shares that ultimately will be repurchased under the share repurchase program, or the aggregate dollar amount of the shares actually purchased. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

Note 14 — Hedging Transactions and Derivative Financial Instruments

We are directly and indirectly affected by changes in foreign currency market conditions. These changes in market conditions may adversely impact our financial performance and are referred to as market risks. When deemed appropriate by management, we use derivatives as a risk management tool to mitigate the potential impact of certain market risks.

We use various types of derivative instruments including, but not limited to, forward contracts and swap agreements for certain commodities. Forward contracts are agreements to buy or sell a quantity of a currency at a predetermined future date, and at a predetermined rate or price. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. We do not enter into derivative financial instruments for trading purposes.

All derivatives are carried at fair value in the Consolidated Balance Sheets in the line item other receivables or other payables. The carrying values of the derivatives reflect the impact of legally enforceable agreements with the same counterparties. These allow us to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the types of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our Consolidated Statements of Operations as the changes in the fair value of the hedged items attributable to the risk being hedged. The changes in fair values of derivatives that have been designated and qualify as cash flow hedges are recorded in accumulated other comprehensive income (loss) ("AOCI") and are reclassified into the line item in the Consolidated Statements of Operations in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings.

For derivatives that will be accounted for as hedging instruments, we formally designate and document, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, we formally assess both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized into earnings. Ineffectiveness was not material for all periods presented.

We estimate the fair values of our derivatives based on quoted market prices or pricing models using current market rates (refer to Note 15). The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates or other financial indices. We do not view the fair values of our derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying hedged transactions or other exposures. All of our derivatives are straight-forward over-the-counter instruments with liquid markets.

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Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review any downgrade in credit rating immediately. We mitigate pre-settlement risk by being permitted to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of the counterparty default to be minimal.

Cash Flow Hedging Strategy

We use cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates and commodity prices. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. We did not discontinue any cash flow hedging relationships during the three months ended March 29, 2014 or March 30, 2013, respectively. The maximum length of time over which we hedge our exposure to future cash flows is typically eighteen months.

We maintain a foreign currency cash flow hedging program to reduce the risk that our procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts to hedge certain portions of forecasted cash flows denominated in foreign currencies. The total notional values of derivatives that were designated and qualify for our foreign currency cash flow hedging program were \$6.3 million and \$3.6 million as of March 29, 2014 and December 28, 2013, respectively.

We have entered into commodity swaps on aluminum to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as a part of our commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional values of derivatives that were designated and qualified for our commodity cash flow hedging program were \$15.0 million and \$0.0 million as of March 29, 2014 and December 28, 2013, respectively.

The fair value of the Company's derivative instruments was nil and \$0.3 million as of March 29, 2014 and December 28, 2013, respectively.

The settlement of our derivative instruments resulted in a credit to cost of sales of \$0.1 million for the three months ended March 29, 2014 and \$0.1 million for the comparable prior year period.

Note 15 — Fair Value Measurements

Accounting Standards Codification No. 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

We have certain assets and liabilities that are required to be recorded at fair value on a recurring basis in accordance with U.S. GAAP.

The fair value of our derivative assets represents a Level 2 instrument. Level 2 instruments are valued based on observable inputs for quoted prices for similar assets and liabilities in active markets. The fair value for the derivative assets as of March 29, 2014 and December 28, 2013 was nil and \$0.3 million, respectively.

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Fair Value of Financial Instruments

The carrying amounts reflected in the Consolidated Balance Sheets for cash and cash equivalents, receivables, payables, short-term borrowings and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of March 29, 2014 and December 28, 2013 were as follows:

<i>(in millions of U.S. dollars)</i>	<u>March 29, 2014</u>		<u>December 28, 2013</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
8.375% senior notes due in 2017 ¹	—	—	15.0	15.6
8.125% senior notes due in 2018 ¹	<u>375.0</u>	<u>398.4</u>	<u>375.0</u>	<u>404.1</u>
Total	<u>\$ 375.0</u>	<u>\$398.4</u>	<u>\$ 390.0</u>	<u>\$419.7</u>

¹ The fair values were based on the trading levels and bid/offer prices observed by a market participant and are considered Level 1 financial instruments.

Note 16 — Guarantor Subsidiaries

The 2018 Notes issued by our 100% owned subsidiary, Cott Beverages Inc., are, and the 2017 Notes prior to their redemption were, guaranteed on a senior basis pursuant to guarantees by Cott Corporation and certain other 100% owned direct and indirect subsidiaries (the “Guarantor Subsidiaries”). Cott Beverages Inc. and each Guarantor Subsidiary is 100% owned by Cott Corporation, the guarantees of the 2017 Notes and 2018 Notes by Cott Corporation and the Guarantor Subsidiaries are full and unconditional, and all such guarantees are joint and several. The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions.

We have not presented separate financial statements and separate disclosures have not been provided concerning Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with the Securities and Exchange Commission (the “SEC”) interpretations governing reporting of subsidiary financial information.

The following supplemental financial information sets forth on an unconsolidated basis, our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, Cott Beverages Inc., Guarantor Subsidiaries and our other subsidiaries (the “Non-guarantor Subsidiaries”). The supplemental financial information reflects our investments and those of Cott Beverages Inc. in their respective subsidiaries using the equity method of accounting.

We reclassified certain intercompany dividends and advances to affiliates previously reported in the Condensed Consolidating Statement of Cash Flows for the quarter ended March 30, 2013 included in our Quarterly Report on Form 10-Q. The intercompany dividends represented transactions between Cott Corporation, Cott Beverages, Inc., the Guarantors and Non-Guarantors and the cash flows related to these transactions should have been classified as financing activities. The advances to affiliates represented activity between Cott Corporation and Non-Guarantors that should not have impacted the Condensed Consolidating Statement of Cash Flow as they represented non-cash charges. These reclassifications do not change the total cash flows reported in each column presented in the Condensed Consolidating Statement of Cash Flows. We assessed the materiality of these items on our previously issued annual report and quarterly financial statements in accordance with SEC Staff Accounting Bulletin No. 99, and concluded that the errors were not material to the consolidated financial statements taken as a whole. The statements of cash flows presented below for the three months ended March 29, 2014 and March 30, 2013 as revised, reflect the correct classification of these items.

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Condensed Consolidating Statement of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 29, 2014					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 37.2	\$ 175.1	\$ 242.3	\$ 32.3	\$ (11.8)	\$ 475.1
Cost of sales	34.2	155.4	219.4	27.6	(11.8)	424.8
Gross profit	3.0	19.7	22.9	4.7	—	50.3
Selling, general and administrative expenses	6.5	24.5	9.2	2.1	—	42.3
Loss on disposal of property, plant & equipment	—	0.1	—	—	—	0.1
Restructuring and asset impairments						
Restructuring	1.9	0.2	0.1	—	—	2.2
Asset impairments	0.9	—	0.7	—	—	1.6
Operating (loss) income	(6.3)	(5.1)	12.9	2.6	—	4.1
Other expense (income), net	0.2	(2.6)	—	0.1	—	(2.3)
Intercompany interest (income) expense, net	—	(3.5)	3.5	—	—	—
Interest expense, net	0.1	9.0	0.7	—	—	9.8
(Loss) income before income tax (benefit) expense and equity income (loss)	(6.6)	(8.0)	8.7	2.5	—	(3.4)
Income tax (benefit) expense	(1.0)	0.3	(0.3)	0.1	—	(0.9)
Equity income (loss)	1.7	1.3	(6.8)	—	3.8	—
Net (loss) income	\$ (3.9)	\$ (7.0)	\$ 2.2	\$ 2.4	\$ 3.8	\$ (2.5)
Less: Net income attributable to non-controlling interests	—	—	—	1.4	—	1.4
Net (loss) income attributed to Cott Corporation	\$ (3.9)	\$ (7.0)	\$ 2.2	\$ 1.0	\$ 3.8	\$ (3.9)
Comprehensive (loss) income attributed to Cott Corporation	\$ (5.6)	\$ (2.9)	\$ 5.4	\$ 0.9	\$ (3.4)	\$ (5.6)

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Condensed Consolidating Statement of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 30, 2013					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 39.0	\$ 195.3	\$ 239.8	\$ 37.1	\$ (5.8)	\$ 505.4
Cost of sales	33.8	168.2	219.3	33.5	(5.8)	449.0
Gross profit	5.2	27.1	20.5	3.6	—	56.4
Selling, general and administrative expenses	7.1	20.2	11.9	2.1	—	41.3
Operating (loss) income	(1.9)	6.9	8.6	1.5	—	15.1
Other expense, net	0.2	—	—	0.1	—	0.3
Intercompany interest (income) expense, net	—	(2.9)	2.9	—	—	—
Interest (income) expense, net	(0.1)	13.3	0.1	—	—	13.3
(Loss) income before income tax expense (benefit) and equity income (loss)	(2.0)	(3.5)	5.6	1.4	—	1.5
Income tax expense (benefit)	0.3	(0.1)	0.2	0.1	—	0.5
Equity income (loss)	2.3	1.1	(2.1)	—	(1.3)	—
Net (loss) income	\$ —	\$ (2.3)	\$ 3.3	\$ 1.3	\$ (1.3)	\$ 1.0
Less: Net income attributable to non-controlling interests	—	—	—	1.0	—	1.0
Net (loss) income attributed to Cott Corporation	\$ —	\$ (2.3)	\$ 3.3	\$ 0.3	\$ (1.3)	\$ 0.0
Comprehensive (loss) income attributed to Cott Corporation	\$ (12.0)	\$ (34.0)	\$ (14.0)	\$ 0.6	\$ 47.4	\$ (12.0)

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Consolidating Balance Sheets

(in millions of U.S. dollars)

Unaudited

	As of March 29, 2014					
	<u>Cott Corporation</u>	<u>Cott Beverages Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
ASSETS						
<i>Current assets</i>						
Cash & cash equivalents	\$ 4.0	\$ 5.9	\$ 26.4	\$ 4.3	\$ —	\$ 40.6
Accounts receivable, net of allowance	17.4	134.1	225.2	16.0	(154.8)	237.9
Income taxes recoverable	0.5	0.6	—	—	—	1.1
Inventories	17.1	76.9	147.4	7.6	—	249.0
Prepaid expenses and other assets	2.0	11.9	5.1	0.1	—	19.1
Total current assets	41.0	229.4	404.1	28.0	(154.8)	547.7
Property, plant & equipment, net	45.1	186.5	231.6	9.4	—	472.6
Goodwill	24.9	4.5	107.1	—	—	136.5
Intangibles and other assets, net	1.3	89.1	192.0	9.7	—	292.1
Deferred income taxes	4.1	—	—	0.8	—	4.9
Other tax receivable	0.2	0.2	—	—	—	0.4
Due from affiliates	39.4	126.9	3.0	41.9	(211.2)	—
Investments in subsidiaries	508.5	249.8	689.0	—	(1,447.3)	—
Total assets	\$ 664.5	\$ 886.4	\$ 1,626.8	\$ 89.8	\$ (1,813.3)	\$ 1,454.2
LIABILITIES AND EQUITY						
<i>Current liabilities</i>						
Short-term borrowings	\$ —	\$ 96.0	\$ 34.9	\$ —	\$ —	\$ 130.9
Current maturities of long-term debt	—	2.4	0.6	0.9	—	3.9
Accounts payable and accrued liabilities	34.5	176.6	209.6	7.9	(154.8)	273.8
Total current liabilities	34.5	275.0	245.1	8.8	(154.8)	408.6
Long-term debt	0.1	384.2	2.0	1.5	—	387.8
Deferred income taxes	—	31.8	8.8	1.2	—	41.8
Other long-term liabilities	0.1	5.6	15.1	—	—	20.8
Due to affiliates	43.2	1.6	129.2	37.2	(211.2)	—
Total liabilities	77.9	698.2	400.2	48.7	(366.0)	859.0
<i>Equity</i>						
Capital stock, no par	393.6	509.4	1,566.3	82.3	(2,158.0)	393.6
Additional paid-in-capital	44.2	—	—	—	—	44.2
Retained earnings (deficit)	167.3	(349.3)	(347.0)	(51.2)	747.5	167.3
Accumulated other comprehensive (loss) income	(18.5)	28.1	7.3	1.4	(36.8)	(18.5)
Total Cott Corporation equity	586.6	188.2	1,226.6	32.5	(1,447.3)	586.6
Non-controlling interests	—	—	—	8.6	—	8.6
Total equity	586.6	188.2	1,226.6	41.1	(1,447.3)	595.2
Total liabilities and equity	\$ 664.5	\$ 886.4	\$ 1,626.8	\$ 89.8	\$ (1,813.3)	\$ 1,454.2

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Consolidating Balance Sheets (in millions of U.S. dollars)

	As of December 28, 2013					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
<i>Current assets</i>						
Cash & cash equivalents	\$ 1.5	\$ 1.1	\$ 39.1	\$ 5.5	\$ —	\$ 47.2
Accounts receivable, net of allowance	19.0	114.1	229.8	15.5	(174.0)	204.4
Income taxes recoverable	0.4	0.7	—	—	—	1.1
Inventories	16.2	77.0	132.9	7.0	—	233.1
Prepaid expenses and other assets	2.1	10.1	7.0	0.1	—	19.3
Total current assets	39.2	203.0	408.8	28.1	(174.0)	505.1
Property, plant & equipment, net	47.9	190.2	235.7	9.9	—	483.7
Goodwill	25.8	4.5	107.0	—	—	137.3
Intangibles and other assets, net	1.3	88.0	196.2	10.7	—	296.2
Deferred income taxes	3.6	—	—	—	—	3.6
Other tax receivable	—	0.2	—	—	—	0.2
Due from affiliates	39.6	125.7	2.9	41.9	(210.1)	—
Investments in subsidiaries	507.8	246.7	697.7	—	(1,452.2)	—
Total assets	\$ 665.2	\$ 858.3	\$ 1,648.3	\$ 90.6	\$ (1,836.3)	\$ 1,426.1
LIABILITIES AND EQUITY						
<i>Current liabilities</i>						
Short-term borrowings	\$ —	\$ 16.2	\$ 34.6	\$ —	\$ —	\$ 50.8
Current maturities of long-term debt	—	2.4	0.6	0.9	—	3.9
Accounts payable and accrued liabilities	25.5	214.4	225.6	6.7	(174.0)	298.2
Total current liabilities	25.5	233.0	260.8	7.6	(174.0)	352.9
Long-term debt	0.1	399.6	2.2	1.6	—	403.5
Deferred income taxes	—	32.0	9.1	0.4	—	41.5
Other long-term liabilities	0.1	2.8	19.4	—	—	22.3
Due to affiliates	43.1	1.6	128.1	37.3	(210.1)	—
Total liabilities	68.8	669.0	419.6	46.9	(384.1)	820.2
<i>Equity</i>						
Capital stock, no par	392.8	509.4	1,557.5	82.5	(2,149.4)	392.8
Additional paid-in-capital	44.1	—	—	—	—	44.1
Retained earnings (deficit)	176.3	(344.1)	(322.1)	(49.8)	716.0	176.3
Accumulated other comprehensive (loss) income	(16.8)	24.0	(6.7)	1.5	(18.8)	(16.8)
Total Cott Corporation equity	596.4	189.3	1,228.7	34.2	(1,452.2)	596.4
Non-controlling interests	—	—	—	9.5	—	9.5
Total equity	596.4	189.3	1,228.7	43.7	(1,452.2)	605.9
Total liabilities and equity	\$ 665.2	\$ 858.3	\$ 1,648.3	\$ 90.6	\$ (1,836.3)	\$ 1,426.1

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 29, 2014					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Operating Activities						
Net (loss) income	\$ (3.9)	\$ (7.0)	\$ 2.2	\$ 2.4	\$ 3.8	\$ (2.5)
Depreciation & amortization	1.5	10.2	12.1	1.5	—	25.3
Amortization of financing fees	—	0.6	—	—	—	0.6
Share-based compensation expense	0.2	1.0	0.1	—	—	1.3
(Decrease) increase in deferred income taxes	(0.9)	(0.1)	0.2	(0.3)	—	(1.1)
Loss on disposal of property, plant & equipment	—	0.1	—	—	—	0.1
Asset impairments	0.9	—	0.7	—	—	1.6
Write-off of financing fees and discount	—	0.3	—	—	—	0.3
Equity (income) loss, net of distributions	(1.7)	(1.3)	6.8	—	(3.8)	—
Intercompany dividends	2.3	2.4	—	—	(4.7)	—
Other non-cash items	—	(0.2)	—	—	—	(0.2)
Net change in operating assets and liabilities, net of acquisition	10.3	(58.9)	(29.5)	0.2	—	(77.9)
Net cash provided by (used in) operating activities	8.7	(52.9)	(7.4)	3.8	(4.7)	(52.5)
Investing Activities						
Additions to property, plant & equipment	(0.6)	(5.1)	(3.1)	—	—	(8.8)
Additions to intangibles and other assets	—	(1.5)	—	—	—	(1.5)
Net cash used in investing activities	(0.6)	(6.6)	(3.1)	—	—	(10.3)
Financing Activities						
Payments of long-term debt	—	(15.6)	(0.1)	(0.3)	—	(16.0)
Borrowings under ABL	—	95.0	—	—	—	95.0
Payments under ABL	—	(15.1)	—	—	—	(15.1)
Distributions to non-controlling interests	—	—	—	(2.3)	—	(2.3)
Common shares repurchased and cancelled	(0.4)	—	—	—	—	(0.4)
Dividends paid to shareholders	(5.1)	—	—	—	—	(5.1)
Intercompany dividends	—	—	(2.3)	(2.4)	4.7	—
Net cash (used in) provided by financing activities	(5.5)	64.3	(2.4)	(5.0)	4.7	56.1
Effect of exchange rate changes on cash	(0.1)	—	0.2	—	—	0.1
Net increase (decrease) in cash & cash equivalents	2.5	4.8	(12.7)	(1.2)	—	(6.6)
Cash & cash equivalents, beginning of period	1.5	1.1	39.1	5.5	—	47.2
Cash & cash equivalents, end of period	\$ 4.0	\$ 5.9	\$ 26.4	\$ 4.3	\$ —	\$ 40.6

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 30, 2013					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Operating Activities						
Net (loss) income	\$ —	\$ (2.3)	\$ 3.3	\$ 1.3	\$ (1.3)	\$ 1.0
Depreciation & amortization	1.6	9.6	12.0	1.5	—	24.7
Amortization of financing fees	—	0.7	—	—	—	0.7
Share-based compensation expense	0.1	0.4	0.2	—	—	0.7
Increase (decrease) in deferred income taxes	0.4	(0.6)	0.2	—	—	—
Equity (income) loss, net of distributions	(2.3)	(1.1)	2.1	—	1.3	—
Intercompany dividends	10.8	2.2	—	—	(13.0)	—
Other non-cash items	—	0.2	0.1	—	—	0.3
Net change in operating assets and liabilities	(6.7)	(22.2)	(57.5)	0.4	—	(86.0)
Net cash provided by (used in) operating activities	3.9	(13.1)	(39.6)	3.2	(13.0)	(58.6)
Investing Activities						
Additions to property, plant & equipment	(1.7)	(12.8)	(4.6)	(0.8)	—	(19.9)
Additions to intangibles and other assets	—	(0.1)	—	(0.1)	—	(0.2)
Proceeds from insurance recoveries	—	0.4	—	—	—	0.4
Net cash used in investing activities	(1.7)	(12.5)	(4.6)	(0.9)	—	(19.7)
Financing Activities						
Payments of long-term debt	—	(0.4)	—	(0.1)	—	(0.5)
Distributions to non-controlling interests	—	—	—	(2.1)	—	(2.1)
Common shares repurchased and cancelled	(2.9)	—	—	—	—	(2.9)
Intercompany dividends	—	—	(10.8)	(2.2)	13.0	—
Net cash used in financing activities	(2.9)	(0.4)	(10.8)	(4.4)	13.0	(5.5)
Effect of exchange rate changes on cash	(0.8)	—	(1.9)	0.1	—	(2.6)
Net decrease in cash & cash equivalents	(1.5)	(26.0)	(56.9)	(2.0)	—	(86.4)
Cash & cash equivalents, beginning of period	39.8	37.5	96.4	5.7	—	179.4
Cash & cash equivalents, end of period	\$ 38.3	\$ 11.5	\$ 39.5	\$ 3.7	\$ —	\$ 93.0

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Note 17 — Subsequent Events

On May 6, 2014, our board of directors declared a dividend of USD\$0.06 per share on common shares, payable in cash on June 18, 2014 to shareowners of record at the close of business on June 6, 2014.

On May 6, 2014, our board of directors approved the renewal of our share repurchase program for up to 5% of Cott's outstanding common shares over a 12-month period commencing upon the expiration of Cott's currently effective share repurchase program on May 21, 2014.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to further the reader's understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with the financial statements included in this quarterly report on Form 10-Q and our annual report on Form 10-K for the year ended December 28, 2013 (the "2013 Annual Report"). These historical financial statements may not be indicative of our future performance. This discussion contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks referred to under "Risk Factors" in Item 1A in our 2013 Annual Report.

Overview

We are one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. Our objective of creating sustainable long-term growth in revenue and profitability is predicated on working closely with our customers to provide proven profitable products. As a "fast follower" of innovative products, our goal is to identify which new products are succeeding in the marketplace and develop similar high quality products at a better value. This objective is increasingly relevant in more difficult economic times.

The beverage market is subject to some seasonal variations. Our beverage sales are generally higher during the warmer months and also can be influenced by the timing of holidays and weather fluctuations. Our purchases of raw materials and related accounts payable fluctuate based upon the demand for our products as well as the timing of the fruit growing seasons. The seasonality of our sales volume combined with the seasonal nature of fruit growing causes our working capital needs to fluctuate throughout the year, with inventory levels increasing in the first half of the year in order to meet high summer demand, and with fruit inventories peaking during the last quarter of the year when purchases are made after the growing season. In addition, our accounts receivable balances decline in the fall as customers pay their higher-than-average outstanding balances from the summer deliveries.

We typically operate at low margins and therefore relatively small changes in cost structures can materially affect results.

Ingredient and packaging costs represent a significant portion of our cost of sales. These costs are subject to global and regional commodity price trends. Our most significant commodities are aluminum, polyethylene terephthalate ("PET") resin, corn, sugar, fruit and fruit concentrates. We attempt to manage our exposure to fluctuations in ingredient and packaging costs by entering into fixed price commitments for a portion of our ingredient and packaging requirements and implementing price increases as needed.

We supply Walmart and its affiliated companies, under annual non-exclusive supply agreements, with a variety of products in the United States, Canada, the United Kingdom, and Mexico, including carbonated soft drinks ("CSDs"), 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks, sports products, new age beverages, and ready-to-drink teas. During the first three months of 2014, we supplied Walmart with all of its private-label CSDs in the United States. In the event Walmart were to utilize additional suppliers to fulfill a portion of its requirements for CSDs, our operating results could be materially adversely affected. Sales to Walmart for the three months ended March 29, 2014 and March 30, 2013 accounted for 28.6% and 32.8% of total revenue, respectively.

In June 2013, our United Kingdom ("U.K.") reporting segment acquired 100 percent of the share capital of Cooke Bros. Holdings Limited (the "Calypso Acquisition"), which includes the subsidiary companies Calypso Soft Drinks Limited and Mr. Freeze (Europe) Limited (together, "Calypso"). Calypso produces fruit juices, juice drinks, soft drinks, and freeze products in the United Kingdom. The aggregate purchase price for the acquisition of Calypso was \$12.1 million, which includes approximately \$7.0 million paid at closing, deferred payments of approximately \$2.3 million and \$3.0 million to be paid on the first and second anniversary of the closing date, respectively. The closing payment was funded from available cash.

In 2010, we completed the acquisition of substantially all of the assets and liabilities of Cliffstar Corporation ("Cliffstar") and its affiliated companies (the "Cliffstar Acquisition") for approximately \$503.0 million in cash, \$14.0 million in deferred consideration payable in equal installments over three years and contingent consideration of up to \$55.0 million. Contingent consideration of \$34.9 million was ultimately paid to the seller of Cliffstar, and all claims for contingent consideration have been resolved as of December 28, 2013.

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Forward-looking Statements

In addition to historical information, this report may contain statements relating to future events and future results. These statements are “forward looking” within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation and involve known and unknown risks, uncertainties, future expectations and other factors that may cause actual results, performance or achievements of Cott Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements include, but are not limited to, statements that relate to projections of sales, earnings, earnings per share, cash flows, capital expenditures or other financial items, discussions of estimated future revenue enhancements and cost savings. These statements also relate to our business strategy, goals and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. Generally, words such as “anticipate,” “believe,” “continue,” “could,” “endeavor,” “estimate,” “expect,” “intend,” “may,” “will,” “plan,” “predict,” “project,” “should” and similar terms and phrases are used to identify forward-looking statements in this report and in the documents incorporated in this report by reference. These forward-looking statements reflect current expectations regarding future events and operating performance and are made only as of the date of this report.

The forward-looking statements are not guarantees of future performance or events and, by their nature, are based on certain estimates and assumptions regarding interest and foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities and effective income tax rates, which are subject to inherent risks and uncertainties. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in forward-looking statements may include, but are not limited to, assumptions regarding management’s current plans and estimates, our ability to remain a low cost supplier, and effective management of commodity costs. Although we believe the assumptions underlying these forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could prove to be incorrect. Our operations involve risks and uncertainties, many of which are outside of our control, and any one or any combination of these risks and uncertainties could also affect whether the forward-looking statements ultimately prove to be correct. These risks and uncertainties include, but are not limited to, those described in Part I, Item 1A. “Risk Factors” in our 2013 Annual Report, and those described from time to time in our future reports filed with the Securities and Exchange Commission (“SEC”) and Canadian securities regulatory authorities.

The following are some of the factors that could affect our financial performance, including but not limited to, sales, earnings and cash flows, or could cause actual results to differ materially from estimates contained in or underlying the forward-looking statements:

- our ability to compete successfully in the highly competitive beverage category;
- changes in consumer tastes and preferences for existing products and our ability to develop and timely launch new products that appeal to such changing consumer tastes and preferences;
- loss of or a reduction in business with key customers, particularly Walmart;
- fluctuations in commodity prices and our ability to pass on increased costs to our customers, and the impact of those increased prices on our volumes;
- our ability to manage our operations successfully;
- our ability to fully realize the potential benefit of strategic opportunities we pursue;
- currency fluctuations that adversely affect the exchange between the U.S. dollar and the British pound sterling, the Euro, the Canadian dollar, the Mexican peso and other currencies;
- our ability to maintain favorable arrangements and relationships with our suppliers;
- our substantial indebtedness we incurred and our ability to meet our obligations;
- our ability to maintain compliance with the covenants and conditions under debt agreements;
- fluctuations in interest rates which could increase our borrowing costs;
- credit rating changes;

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- the impact of global financial events on our financial results;
- our ability to fully realize the expected cost savings and/or operating efficiencies from our restructuring activities;
- any disruption to production at our beverage concentrates or other manufacturing facilities;
- our ability to protect our intellectual property;
- compliance with product health and safety standards;
- liability for injury or illness caused by the consumption of contaminated products;
- liability and damage to our reputation as a result of litigation or legal proceedings;
- changes in the legal and regulatory environment in which we operate;
- the impact of proposed taxes on soda and other sugary drinks;
- enforcement of compliance with the Ontario Environmental Protection Act;
- unseasonably cold or wet weather, which could reduce demand for our beverages;
- the impact of national, regional and global events, including those of a political, economic, business and competitive nature;
- our ability to recruit, retain, and integrate new management;
- our exposure to intangible asset risk;
- our ability to renew our collective bargaining agreements on satisfactory terms;
- disruptions in our information systems; or
- volatility of our stock price.

We undertake no obligation to update any information contained in this report or to publicly release the results of any revisions to forward-looking statements to reflect events or circumstances of which we may become aware of after the date of this report. Undue reliance should not be placed on forward-looking statements, and all future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing.

Non-GAAP Measures

In this report, we supplement our reporting of financial measures determined in accordance with U.S. generally accepted accounting principles (“GAAP”) by utilizing certain non-GAAP financial measures. We exclude the impact of foreign exchange to separate the impact of currency exchange rate changes from our results of operations. We exclude these items to better understand trends in the business.

We also utilize earnings before interest expense, taxes, depreciation and amortization (“EBITDA”), which is GAAP earnings (loss) before interest expense, provision for income taxes, depreciation and amortization. We consider EBITDA to be an indicator of operating performance. We also use EBITDA, as do analysts, lenders, investors and others, because it excludes certain items that can vary widely across different industries or among companies within the same industry. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We also utilize adjusted EBITDA, which is EBITDA excluding bond redemption costs, restructuring expenses and asset impairments, acquisition costs, and integration costs related to the Calypso Acquisition or the Cliffstar Acquisition, as the case may be (“Adjusted EBITDA”). We consider Adjusted EBITDA to be an indicator of our operating performance. Adjusted EBITDA excludes certain items to make more meaningful period-over-period comparisons of our ongoing core operations before material charges.

We also utilize adjusted net income (loss), which is GAAP earnings (loss) excluding bond redemption costs, acquisition costs, integration expenses, restructuring expenses and asset impairments, as well as adjusted earnings (loss) per diluted share, which is adjusted net income (loss) divided by diluted weighted average outstanding shares. We consider these measures to be indicators of our operating performance. These measures exclude certain items to make period-over-period comparisons of our ongoing core operations before material charges.

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Additionally, we supplement our reporting of net cash provided by operating activities determined in accordance with GAAP by excluding capital expenditures to present free cash flow, which management believes provides useful information to investors about the amount of cash generated by the business that, after the acquisition of property and equipment, can be used for strategic opportunities, including investing in our business, making strategic acquisitions, paying dividends, and strengthening the balance sheet.

Because we use these adjusted financial results in the management of our business and to understand underlying business performance, we believe this supplemental information is useful to investors for their independent evaluation and understanding of our business performance and the performance of our management. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this report reflect our judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.

Summary Financial Results

Our net loss for the three months ended March 29, 2014 (the “first quarter”) was \$3.9 million or \$0.04 net loss per diluted share, compared with net income that was effectively zero or \$0.00 per diluted share for the three months ended March 30, 2013.

The following items of significance affected our financial results for the first quarter of 2014:

- filled beverage 8-ounce equivalents (“beverage case volume”), which excludes concentrate sales, decreased 7.7% due primarily to the prolonged aggressive promotional activity from the national brands in North America, the general market decline in the North America CSD category, as well as the exiting of case pack water, offset in part by a combination of increased hot fill and juice volumes with additional contract manufacturing business wins and the Calypso business;
- revenue decreased 6.0% from the comparable prior year period due primarily to lower North American volumes. Excluding the impact of foreign exchange, revenue decreased 6.6% from the comparable prior year period;
- gross profit as a percentage of revenue decreased to 10.6% for the first quarter from 11.2% in the comparable prior year period due primarily to the competitive environment and lower North America volume alongside additional freight and operating costs caused by inclement weather in North America;
- selling, general and administrative (“SG&A”) expenses for the first quarter increased to \$42.3 million from \$41.3 million in the comparable prior year period due primarily to an increase in employee-related costs;
- other income, net was \$2.3 million in the first quarter compared to other expense of \$0.3 million in the comparable prior year period due primarily to a favorable legal settlement of \$3.5 million partially offset by bond redemption costs of \$0.9 million, as well as other foreign exchange losses of approximately \$0.3 million;
- interest expense decreased by \$3.5 million, or 26.3%, as compared to the prior year period due primarily to the redemption of our 8.375% Senior Notes due 2017 (the “2017 Notes”) and to an amendment to our asset based lending (“ABL”) facility to more favorable terms;
- income tax benefit was \$0.9 million in the first quarter compared to an income tax expense of \$0.5 million in the comparable prior year period due primarily to a reduction in pretax income;
- Adjusted EBITDA decreased to \$34.1 million in the first quarter compared to \$40.1 million in the comparable prior year period due to the items listed above; and
- adjusted net loss and adjusted net loss per diluted share were \$2.5 million and \$0.03, respectively, in the first quarter compared to adjusted net income of \$0.4 million and adjusted earnings per diluted share of nil in the comparable prior year period.

The following items of significance affected our financial results for the first quarter of 2013:

- filled beverage case volume decreased 4.9% due primarily to the residual effect of exiting low gross margin business in North America in the prior year, a general market decline in the North American CSD category, and loss of market share for the private label segment within the overall CSD category in North America;
- revenue decreased by 3.5% from the comparable prior year period due to lower global volumes, slightly offset by an increase in average price per case in North America. Absent foreign exchange impact, revenue decreased 3.4%;

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- gross profit as a percentage of revenue declined to 11.2% for the first quarter from 12.1% in the comparable prior year period due primarily to lower global volumes, which resulted in unfavorable fixed cost absorption;
- SG&A expenses for the first quarter decreased to \$41.3 million from \$41.8 million in the comparable prior year period due primarily to a reduction in information technology costs;
- other expense was \$0.3 million in the first quarter compared to other income of \$0.2 million in the comparable prior year period due to the recording of foreign exchange losses during the period compared to foreign exchange gains in the prior year period; and
- income tax expense was flat as compared to the prior year period.

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The following table summarizes our Consolidated Statements of Operations as a percentage of revenue for the three months ended March 29, 2014 and March 30, 2013:

<i>(in million of U.S. dollars)</i>	For the Three Months Ended			
	March 29, 2014		March 30, 2013	
	\$	%	\$	%
Revenue, net	475.1	100.0	505.4	100.0
Cost of sales	424.8	89.4	449.0	88.8
Gross profit	50.3	10.6	56.4	11.2
Selling, general, and administrative expenses	42.3	8.9	41.3	8.2
Loss on disposal of property, plant and equipment	0.1	—	—	—
Restructuring and asset impairments				
Restructuring	2.2	0.5	—	—
Asset impairments	1.6	0.3	—	—
Operating income	4.1	0.9	15.1	3.0
Other (income) expense, net	(2.3)	(0.5)	0.3	0.1
Interest expense, net	9.8	2.1	13.3	2.6
(Loss) income before income taxes	(3.4)	(0.7)	1.5	0.3
Income tax (benefit) expense	(0.9)	(0.2)	0.5	0.1
Net (loss) income	(2.5)	(0.5)	1.0	0.2
Less: Net income attributable to non-controlling interests	1.4	0.3	1.0	0.2
Net loss attributed to Cott Corporation	(3.9)	(0.8)	—	—
Depreciation & amortization	25.3	5.3	24.7	4.9

The following table summarizes our revenue and operating income (loss) by reporting segment for the three months ended March 29, 2014 and March 30, 2013:

<i>(in millions of U.S. Dollars)</i>	For the Three Months Ended	
	March 29, 2014	March 30, 2013
<i>Revenue</i>		
North America	\$ 344.7	\$ 393.2
United Kingdom	115.6	97.4
All Other	14.8	14.8
Total	\$ 475.1	\$ 505.4
<i>Operating income (loss)</i>		
North America	\$ 2.3	\$ 16.7
United Kingdom	2.2	—
All Other	2.5	1.3
Corporate	(2.9)	(2.9)
Total	\$ 4.1	\$ 15.1

Revenues are attributed to reporting segments based on the location of the customer.

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The following table summarizes our beverage case volume by reporting segment for the three months ended March 29, 2014 and March 30, 2013:

<i>(in millions of cases)</i>	For the Three Months Ended	
	March 29, 2014	March 30, 2013
<i>Volume 8 oz. equivalent cases—Total Beverage (including concentrate)</i>		
North America	156.4	172.6
United Kingdom	44.8	44.5
All Other	57.3	68.4
Total	258.5	285.5
<i>Volume 8 oz. equivalent cases—Filled Beverage</i>		
North America	133.7	148.0
United Kingdom	41.9	40.1
All Other	2.8	5.1
Total	178.4	193.2

The following tables summarize revenue and volume by product for the three months ended March 29, 2014 and March 30, 2013:

For the Three Months Ended March 29, 2014				
<i>(in millions of U.S. dollars)</i>	North America	United Kingdom	All Other	Total
<i>Revenue</i>				
Carbonated soft drinks	\$ 119.3	\$ 38.1	\$ 1.2	\$158.6
Juice	120.9	11.8	0.7	133.4
Concentrate	3.6	0.7	5.9	10.2
Sparkling Waters/Mixers	43.4	16.6	0.8	60.8
Energy	6.6	27.0	1.7	35.3
All other products	50.9	21.4	4.5	76.8
Total	\$ 344.7	\$ 115.6	\$ 14.8	\$475.1

For the Three Months Ended March 29, 2014				
<i>(in millions of cases)</i>	North America	United Kingdom	All Other	Total
<i>Volume 8 oz. equivalent cases—Total Beverage (including concentrate)</i>				
Carbonated soft drinks	55.3	18.1	0.5	73.9
Juice	30.1	2.2	0.1	32.4
Concentrate	22.7	2.9	54.5	80.1
Sparkling Waters/Mixers	19.3	9.1	0.5	28.9
Energy	1.2	5.7	1.0	7.9
All other products	27.8	6.8	0.7	35.3
Total	156.4	44.8	57.3	258.5

For the Three Months Ended March 30, 2013				
<i>(in millions of U.S. dollars)</i>	North America	United Kingdom	All Other	Total
<i>Revenue</i>				
Carbonated soft drinks	\$ 151.4	\$ 32.7	\$ 3.6	\$187.7
Juice	135.0	3.1	0.5	138.6
Concentrate	3.1	0.6	6.8	10.5
Sparkling Waters/Mixers	43.1	14.7	1.3	59.1
Energy	6.2	28.0	1.6	35.8
All other products	54.4	18.3	1.0	73.7
Total	\$ 393.2	\$ 97.4	\$ 14.8	\$505.4

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For the Three Months Ended March 30, 2013

<u>(in millions of cases)</u>	<u>North America</u>	<u>United Kingdom</u>	<u>All Other</u>	<u>Total</u>
<i>Volume 8 oz. equivalent cases—Total Beverage (including concentrate)</i>				
Carbonated soft drinks	66.8	17.4	2.4	86.6
Juice	30.8	0.8	0.1	31.7
Concentrate	24.6	4.4	63.3	92.3
Sparkling Waters/Mixers	18.1	9.0	1.4	28.5
Energy	0.9	6.3	0.8	8.0
All other products	31.4	6.6	0.4	38.4
Total	<u>172.6</u>	<u>44.5</u>	<u>68.4</u>	<u>285.5</u>

Results of operations

The following tables summarize the change in revenue by reporting segment for the three months ended March 29, 2014 and March 30, 2013:

<u>(in millions of U.S. dollars, except percentage amounts)</u>	<u>For the Three Months Ended</u>			
	<u>March 29, 2014</u>			
	<u>Cott</u>	<u>North America</u>	<u>United Kingdom</u>	<u>All Other</u>
Change in revenue	\$(30.3)	\$ (48.5)	\$ 18.2	\$ —
Impact of foreign exchange ¹	(3.3)	3.2	(6.7)	0.2
Change excluding foreign exchange	<u>\$(33.6)</u>	<u>\$ (45.3)</u>	<u>\$ 11.5</u>	<u>\$ 0.2</u>
Percentage change in revenue	<u>(6.0)%</u>	<u>(12.3)%</u>	<u>18.7%</u>	<u>— %</u>
Percentage change in revenue excluding foreign exchange	<u>(6.6)%</u>	<u>(11.5)%</u>	<u>11.8%</u>	<u>1.4%</u>

<u>(in millions of U.S. dollars, except percentage amounts)</u>	<u>For the Three Months Ended</u>			
	<u>March 30, 2013</u>			
	<u>Cott</u>	<u>North America</u>	<u>United Kingdom</u>	<u>All Other</u>
Change in revenue	\$(18.4)	\$ (14.9)	\$ (1.8)	\$ (1.7)
Impact of foreign exchange ¹	0.6	0.1	0.7	(0.2)
Change excluding foreign exchange	<u>\$(17.8)</u>	<u>\$ (14.8)</u>	<u>\$ (1.1)</u>	<u>\$ (1.9)</u>
Percentage change in revenue	<u>(3.5)%</u>	<u>(3.7)%</u>	<u>(1.8)%</u>	<u>(18.7)%</u>
Percentage change in revenue excluding foreign exchange	<u>(3.4)%</u>	<u>(3.6)%</u>	<u>(1.1)%</u>	<u>(20.9)%</u>

1. Impact of foreign exchange is the difference between the current year's revenue translated utilizing the current year's average foreign exchange rates less the current year's revenue translated utilizing the prior year's average foreign exchange rates.

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The following table summarizes our EBITDA and Adjusted EBITDA for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Net loss attributed to Cott Corporation	\$ (3.9)	\$ —
Interest expense, net	9.8	13.3
Income tax (benefit) expense	(0.9)	0.5
Depreciation & amortization	25.3	24.7
Net income attributable to non-controlling interests	1.4	1.0
EBITDA	\$ 31.7	\$ 39.5
Restructuring and asset impairments	3.8	—
Bond redemption costs	0.9	—
Tax reorganization and regulatory costs	0.1	—
Acquisition and integration	(2.4)	0.6
Adjusted EBITDA	\$ 34.1	\$ 40.1

The following table summarizes our adjusted net (loss) income and adjusted earnings per share for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Net loss attributed to Cott Corporation	\$ (3.9)	\$ —
Restructuring and asset impairments, net of tax	2.9	—
Bond redemption costs, net of tax	0.9	—
Tax reorganization and regulatory costs, net of tax	0.1	—
Acquisition and integration, net of tax	(2.5)	0.4
Adjusted net (loss) income attributed to Cott Corporation	\$ (2.5)	\$ 0.4
Adjusted net (loss) income per common share attributed to Cott Corporation		
Basic	\$ (0.03)	\$ 0.00
Diluted	\$ (0.03)	\$ 0.00
Weighted average outstanding shares (millions) attributed to Cott Corporation		
Basic	94.3	95.4
Diluted	94.3	95.8

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The following unaudited financial information for the three months ended March 29, 2014 represents the activity of Calypso that has been combined with our United Kingdom operations as of the date of acquisition:

<i>(in millions of U.S. dollars)</i>	For the Three Months Ended	
	March 29, 2014	
Revenue		
United Kingdom	\$	115.6
Less: Calypso		(14.2)
United Kingdom excluding Calypso	\$	<u>101.4</u>

The following table summarizes our free cash flow for the three months ended March 29, 2014 and March 30, 2013:

<i>(in millions of U.S. dollars)</i>	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Net cash used in operating activities	\$ (52.5)	\$ (58.6)
Less: Capital expenditures	(8.8)	(19.9)
Free Cash Flow	\$ (61.3)	\$ (78.5)

Revenue

Revenue decreased \$30.3 million, or 6.0%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, revenue decreased 6.6% in the first quarter from the comparable prior year period.

North America revenue decreased \$48.5 million, or 12.3%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, revenue decreased 11.5%, due primarily to lower market share for the private label segment within the overall CSD category as a result of prolonged aggressive promotional activity from the national brands, as well as a reduction in case pack water volume, offset in part by a combination of increased hot fill and juice volumes with additional contract manufacturing business wins. Net selling price per beverage case (which is net revenue divided by beverage case volume) decreased 3.2% in the first quarter from the comparable prior year period due primarily to a product mix shift.

U.K. revenue increased \$18.2 million, or 18.7%, in the first quarter from the comparable prior year period due primarily to additional revenues from the Calypso business. Absent foreign exchange impact, U.K. revenue increased 11.8% in the first quarter. Excluding the revenues associated with Calypso, U.K. revenue increased \$4.0 million in the first quarter. Net selling price per beverage case increased 13.6% in the first quarter from the comparable prior year period due primarily to a favorable product mix.

All Other revenue remained flat in the first quarter from the comparable prior year period due to increased sales to contract manufacturing and export customers, offset by lower concentrate volumes.

Cost of Sales

Cost of sales represented 89.4% of revenue in the first quarter, compared to 88.8% in the comparable prior year period. The increase in cost of sales as a percentage of revenue was due primarily to unfavorable fixed cost absorption associated with lower global volumes.

Gross Profit

Gross profit as a percentage of revenue decreased to 10.6% in the first quarter from 11.2% in the comparable prior year period due primarily to lower global volumes which resulted in unfavorable fixed cost absorption.

Selling, General and Administrative Expenses

SG&A expenses increased \$1.0 million, or 2.4%, in the first quarter from the comparable prior year period. The increase was due primarily to higher employee-related costs. As a percentage of revenue, SG&A increased to 8.9% in the first quarter from 8.2% in the comparable prior year period.

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Restructuring and Asset Impairments

We implement restructuring programs from time to time that are designed to improve operating effectiveness and lower costs. When we implement these programs, we incur various charges, including severance, asset impairments, and other employment related costs. During the first quarter of 2014, we implemented one such program, which involved the closure of two of our smaller plants, one located in North America and another one located in the United Kingdom (the “2014 Restructuring Plan”) and expect to incur total pre-tax charges of approximately \$6.0 million to \$8.0 million during fiscal year 2014. For the first quarter of 2014, in connection with the 2014 Restructuring Plan, we incurred charges of approximately \$2.2 million related primarily to headcount reductions and \$1.6 million related to asset impairments. We did not record any restructuring or impairment charges in the comparable prior year period.

Operating Income

Operating income was \$4.1 million in the first quarter compared to \$15.1 million in the comparable prior year period. The decrease was due primarily to lower gross profit as a percentage of revenue, higher SG&A expenses, and restructuring and asset impairment charges absent in the comparable prior year period.

Other (Income) Expense, Net

Other income was \$2.3 million in the first quarter compared to other expense of \$0.3 million in the comparable prior year period. The increase in other income was due primarily to \$3.5 million income related to a favorable legal settlement partly offset by \$0.9 million in costs related to the redemption of \$15.0 million aggregate principal amount of our 2017 Notes, as well as other foreign exchange losses of approximately \$0.3 million. In the comparable prior year period, other expense was \$0.3 million due to foreign exchange losses.

Income Taxes

Income tax benefit was \$0.9 million in the first quarter compared to income tax expense of \$0.5 million in the comparable prior year period. The decrease was due primarily to a change to the earnings mix relative to the comparable prior year period.

Liquidity and Capital Resources

The following table summarizes our cash flows for the three months ended March 29, 2014 and March 30, 2013, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

<i>(in millions of U.S. dollars)</i>	For the Three Months Ended	
	March 29, 2014	March 30, 2013
Net cash used in operating activities	\$ (52.5)	\$ (58.6)
Net cash used in investing activities	(10.3)	(19.7)
Net cash provided by (used in) financing activities	56.1	(5.5)
Effect of exchange rate changes on cash	0.1	(2.6)
Net decrease in cash & cash equivalents	(6.6)	(86.4)
Cash & cash equivalents, beginning of period	47.2	179.4
Cash & cash equivalents, end of period	\$ 40.6	\$ 93.0

Financial and Capital Resources and Liquidity

As of March 29, 2014, we had total debt of \$522.6 million and \$40.6 million of cash and cash equivalents compared to \$605.4 million of debt and \$93.0 million of cash and cash equivalents as of March 30, 2013.

We believe that our level of resources, which includes cash on hand, available borrowings under the ABL facility and funds provided by operations, will be adequate to meet our expenses, capital expenditures, and debt service obligations for the next twelve months. Our ability to generate cash to meet our current expenses and debt service obligations will depend on our future performance. If we do not have enough cash to pay our debt service obligations, or if the ABL facility or our

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8.125% senior notes due 2018 (the “2018 Notes”) were to become currently due, either at maturity or as a result of a breach, we may be required to take actions such as amending our ABL facility or the indentures governing our 2018 Notes, refinancing all or part of our existing debt, selling assets, incurring additional indebtedness or raising equity. If we need to seek additional financing, there is no assurance that this additional financing will be available on favorable terms or at all.

Should we desire to consummate significant acquisition opportunities or undertake significant expansion activities, our capital needs would increase and could result in our need to increase available borrowings under our ABL facility or access public or private debt and equity markets.

As of March 29, 2014, our total availability under the ABL facility was \$279.5 million, which was based on our borrowing base (accounts receivables, inventory, and fixed assets). We had \$130.9 million of outstanding borrowings under the ABL facility and \$7.5 million in outstanding letters of credit. As a result, our excess availability under the ABL facility was \$141.1 million. Each month’s borrowing base is not effective until submitted to the lenders, which usually occurs on the fifteenth day of the following month.

We earn approximately 100% of our consolidated operating income in subsidiaries located outside of Canada. All of these foreign earnings are considered to be indefinitely reinvested in foreign jurisdictions where we have made, and will continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no Canadian income taxes have been provided for on these foreign earnings. Cash and cash equivalents held by our foreign subsidiaries are readily convertible into other foreign currencies, including Canadian dollars. We do not intend, nor do we foresee a need, to repatriate these funds into Canada.

We expect existing domestic cash, cash equivalents, cash flows from operations and the issuance of domestic debt to continue to be sufficient to fund our domestic operating, investing and financing activities. In addition, we expect existing foreign cash, cash equivalents, and cash flows from operations to continue to be sufficient to fund our foreign operating and investing activities.

In the future, should we require more capital to fund significant discretionary activities in Canada than is generated by our domestic operations and is available through the issuance of domestic debt or stock, we could elect to repatriate future periods’ earnings from foreign jurisdictions. This alternative could result in a higher effective tax rate during the period of repatriation. While the likelihood is remote, we could also elect to repatriate earnings from foreign jurisdictions that have previously been considered to be indefinitely reinvested. Upon distribution of those earnings in the form of dividends or otherwise, we may be subject to additional Canadian income taxes and withholding taxes payable to various foreign jurisdictions, where applicable. This alternative could result in a higher effective tax rate in the period in which such a determination is made to repatriate prior period foreign earnings.

In 2013, a dividend of C\$0.06 per common share was declared each quarter for an aggregate dividend payment of approximately \$21.9 million. During 2013, we repurchased 1,245,027 common shares for approximately \$10.0 million through open market transactions.

On November 15, 2013, we redeemed \$200.0 million aggregate principal amount of our 2017 Notes at 104.118% of par. The redemption included approximately \$8.2 million in premium payments as well as approximately \$4.5 million in deferred financing fees, discount charges and other bond redemption costs.

On February 19, 2014, we redeemed all of the remaining \$15.0 million aggregate principal amount of 2017 Notes at 104.118% of par. The redemption included approximately \$0.6 million in premium payments as well as approximately \$0.3 million in deferred financing fees and discount charges.

We may, from time to time, depending on market conditions, including without limitation whether the 2018 Notes are then trading at a discount to their face amount, repurchase the 2018 Notes for cash and/or in exchange for shares of our common stock, warrants, preferred stock, debt or other consideration, in each case in open market purchases and/or privately negotiated transactions. The amounts involved in any such transactions, individually or in aggregate, may be material. However, the covenants in our ABL facility subject such purchases to certain limitations and conditions.

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Operating Activities

Cash used in operating activities was \$52.5 million during the first quarter compared to \$58.6 million in the comparable prior year period. The \$6.1 million decrease was due primarily to the timing of accounts receivable receipts and accounts payable payments relative to the prior year period.

Investing Activities

Cash used in investing activities was \$10.3 million during the first quarter compared to \$19.7 million in the comparable prior year period. The \$9.4 million decrease was due primarily to a reduction in fixed asset purchases, offset by increased purchases of intangibles and other assets.

Financing Activities

Cash provided by financing activities was \$56.1 million during the first quarter compared to cash used of \$5.5 million in the comparable prior year period. The \$61.6 million increase was due primarily to an increase in outstanding borrowings under our ABL facility for seasonal working capital needs, partially offset by our redemption of the remaining \$15.0 million aggregate principal amount of the 2017 Notes and dividend payments to shareholders.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined under Item 303(a)(4) of Regulation S-K as of March 29, 2014.

Contractual Obligations

We have no material changes to the disclosure on this matter made in our 2013 Annual Report.

Debt

Asset-Based Lending Facility

On March 31, 2008, we entered into a credit agreement with JPMorgan Chase Bank N.A. as Agent that created an ABL facility to provide financing for our North America, U.K. and Mexico operations. In connection with the Cliffstar Acquisition, we refinanced the ABL facility on August 17, 2010 to, among other things, provide for the Cliffstar Acquisition, the issuance of the 2018 Notes and the application of net proceeds therefrom, the underwritten public offering of 13,340,000 common shares at a price of \$5.67 per share and the application of net proceeds therefrom and to increase the amount available for borrowings to \$275.0 million. We drew down a portion of the indebtedness under the ABL facility in order to fund the Cliffstar Acquisition. We incurred \$5.4 million of financing fees in connection with the refinancing of the ABL facility.

On July 19, 2012, we amended the ABL facility to, among other things, extend the maturity date to July 19, 2017. We incurred \$1.2 million of financing fees in connection with the amendment of the ABL facility. This amendment was considered to be a modification of the original agreement under generally accepted accounting standards.

On October 22, 2013, we amended the ABL facility to, among other things, (1) provide for an increase in the lenders' commitments under the ABL facility to \$300.0 million, as well as to increase the accordion feature, which permits us to increase the lenders' commitments under the ABL facility to \$350.0 million, subject to certain conditions, (2) extend the maturity date to the earliest of (i) October 22, 2018, or (ii) March 1, 2018, if we have not redeemed, repurchased or refinanced the 2018 Notes by February 15, 2018, and (3) provide for greater flexibility under certain covenants. We incurred approximately \$0.7 million of financing fees in connection with the amendment of the ABL facility. This amendment was considered to be a modification of the original agreement under generally accepted accounting standards.

The financing fees incurred in connection with the refinancing of the ABL facility on August 17, 2010, along with the financing fees incurred in connection with the amendments of the ABL facility on July 19, 2012 and on October 22, 2013, are being amortized using the straight line method over the duration of the amended ABL facility.

As of March 29, 2014, we had \$130.9 million of outstanding borrowings under the ABL facility. The commitment fee was 0.375% per annum of the unused commitment, which, taking into account \$7.5 million of letters of credit, was \$141.1 million as of March 29, 2014.

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8.125% Senior Notes due in 2018

On August 17, 2010, we issued \$375.0 million of 2018 Notes. The issuer of the 2018 Notes is our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and U.K. subsidiaries guarantee the 2018 Notes. The interest on the 2018 Notes is payable semi-annually on March 1st and September 1st of each year.

We incurred \$8.6 million of financing fees in connection with the issuance of the 2018 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2018 Notes.

8.375% Senior Notes due in 2017

On November 13, 2009, we issued \$215.0 million of 2017 Notes. The 2017 Notes were issued at a \$3.1 million discount. The issuer of the 2017 Notes was our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and U.K. subsidiaries guaranteed the 2017 Notes. The interest on the 2017 Notes is payable semi-annually on May 15th and November 15th of each year. We incurred \$5.1 million of financing fees in connection with the 2017 Notes.

On November 15, 2013, we redeemed \$200.0 million aggregate principal amount of our 2017 Notes at 104.118% of par. The redemption included approximately \$8.2 million in premium payments as well as approximately \$4.5 million in deferred financing fees, discount charges and other bond redemption costs.

On February 19, 2014, we redeemed all of the remaining \$15.0 million aggregate principal amount of 2017 Notes at 104.118% of par. The redemption included approximately \$0.6 million in premium payments as well as approximately \$0.3 million in deferred financing fees and discount charges.

GE Term Loan

In January 2008, we entered into a capital lease finance arrangement with General Electric Capital Corporation (“GE Capital”) for the lease of equipment. In September 2013, we purchased the equipment subject to the lease for an aggregate purchase price of \$10.7 million, with the financing for such purchase provided by GE Capital at 5.23% interest.

Credit Ratings and Covenant Compliance

Credit Ratings

We have no material changes to the disclosure on this matter made in our 2013 Annual Report.

Covenant Compliance

8.125% Senior Notes due in 2018

Under the indenture governing the 2018 Notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries’ ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. We were in compliance with all of the covenants under the 2018 Notes and there have been no amendments to any such covenants since the 2018 Notes were issued.

8.375% Senior Notes due in 2017

Under the indenture governing the 2017 Notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries’ ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. On February 19, 2014, we redeemed all of the remaining \$15.0 million in aggregate principal amount of the 2017 Notes. At all times prior to the redemption of the remaining outstanding 2017 Notes, we were in compliance with all of the covenants under the 2017 Notes.

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ABL Facility

Under the credit agreement governing the ABL facility, Cott and its restricted subsidiaries are subject to a number of business and financial covenants, including a covenant requiring a minimum fixed charge coverage ratio of at least 1.1 to 1.0 effective when and if excess availability is less than the greater of 10% of the lenders' commitments under the ABL facility or \$27.5 million. If excess availability is less than the greater of 12.5% of the lenders' commitments under the ABL facility or \$34.375 million, the lenders will take dominion over the cash and will apply excess cash to reduce amounts owing under the facility. We were in compliance with all of the applicable covenants under the ABL facility as of March 29, 2014.

Issuer Purchases of Equity Securities

Common Share Repurchase Program

On April 30, 2013, our board of directors renewed our share repurchase program for up to 5% of Cott's outstanding common shares over a 12-month period commencing upon the expiration of the prior share repurchase program on May 21, 2013. During the first quarter of 2014, we repurchased 6,453 common shares for less than \$0.1 million through open market transactions. We are unable to predict the number of shares that ultimately will be repurchased under the share repurchase program, or the aggregate dollar amount of the shares actually purchased. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

Tax Withholding

In the first quarter of 2014, 46,897 shares of our previously-issued common stock were withheld from delivery to our employees to satisfy their tax obligations related to stock-based awards. No such withholdings occurred during the first quarter of 2013.

Capital structure

Since December 28, 2013, equity has decreased by \$10.7 million. The decrease was primarily the result of a net loss of \$3.9 million, dividend payments of \$5.1 million, common share repurchases of \$0.4 million, other comprehensive loss of \$1.7 million, and distributions to non-controlling interest of \$2.3 million, partially offset by share-based compensation expense of \$1.3 million and non-controlling interest income of \$1.4 million.

Dividend payments

On February 11, 2014, the board of directors declared a dividend of C\$0.06 per share on common shares, payable in cash on March 28, 2014 to shareowners of record at the close of business on March 11, 2014. The dividend payment was approximately \$5.1 million in the aggregate. Cott intends to pay a regular quarterly dividend on its common shares subject to, among other things, the best interests of its shareowners, Cott's results of operations, cash balances and future cash requirements, financial condition, statutory regulations and covenants set forth in the ABL facility and indentures governing the 2018 Notes, as well as other factors that the board of directors may deem relevant from time to time.

Critical Accounting Policies

Our critical accounting policies require management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. These estimates are based on historical experience, the advice of external experts or on other assumptions management believes to be reasonable. Where actual amounts differ from estimates, revisions are included in the results for the period in which actual amounts become known. Historically, differences between estimates and actual amounts have not had a significant impact on our consolidated financial statements.

Critical accounting policies and estimates used to prepare the financial statements are discussed with our Audit Committee as they are implemented and on an annual basis.

We have no material changes to our Critical Accounting Policies and Estimates disclosure as filed in our 2013 Annual Report.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to foreign currency, interest rate and commodity price risks. We hedge firm commitments or anticipated transactions and do not enter into derivatives for speculative purposes. We do not hold financial instruments for trading purposes.

Currency Exchange Rate Risk

Our North America and U.K. reporting segments purchase a portion of their inventory for our Canadian and European operations, respectively, through transactions denominated and settled in U.S. dollars and Euros, respectively, currencies different from the functional currency of those operations. These inventory purchases are subject to exposure from movements in exchange rates. We use foreign exchange forward contracts to hedge operational exposures resulting from changes in these foreign currency exchange rates. The intent of the foreign exchange contracts is to provide predictability in our overall cost structure. These foreign exchange contracts, carried at fair value, typically have maturities of less than eighteen months. We had outstanding foreign exchange forward contracts with notional amounts of \$6.3 million and \$3.6 million as of March 29, 2014 and December 28, 2013, respectively.

Debt Obligations and Interest Rates

We have exposure to interest rate risk from the outstanding principal amounts of our short-term and long-term debt. Our long-term debt is fixed and our short-term debt is variable. Our ABL facility is vulnerable to fluctuations in the U.S. short-term base rate and the LIBOR rate. Since we had \$130.9 million of ABL borrowings outstanding as of March 29, 2014, a 100 basis point increase in the current per annum interest rate for our ABL facility (excluding the \$7.5 million of outstanding letters of credit) would result in additional interest expense of approximately \$1.3 million during the next year. The weighted average interest rate of our debt outstanding at March 29, 2014 was 6.8%.

Commodity Price Risk

We have entered into commodity swaps on aluminum to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as a part of our commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional values of derivatives that were designated and qualified for our commodity cash flow hedging program were \$15.0 million and \$0.0 as of March 29, 2014 and December 28, 2013, respectively.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 29, 2014. Based upon this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of March 29, 2014, the Company's disclosure controls and procedures are functioning effectively to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In addition, our management carried out an evaluation, as required by Rule 13a-15(d) of the Exchange Act, with the participation of our Chief Executive Officer and our Chief Financial Officer, of changes in our internal control over financial reporting. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that there have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the legal proceedings described in our 2013 Annual Report.

Item 1A. Risk Factors

There has been no material change in our risk factors since December 28, 2013. Please refer to our 2013 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Common Share Repurchase Program

On April 30, 2013, our board of directors renewed our share repurchase program for up to 5% of Cott's outstanding common shares over a 12-month period commencing upon the expiration of the prior share repurchase program on May 21, 2013. During the first quarter ended March 29, 2014, we repurchased 6,453 common shares for less than \$0.1 million through open market transactions. We are unable to predict the number of shares that ultimately will be repurchased under the share repurchase program, or the aggregate dollar amount of the shares actually purchased. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

The following table summarizes the repurchase activity under our share repurchase program during the first quarter of 2014:

	Total Number of Shares of Common Stock Purchased	Average Price Paid per Share of Common Stock	Total Number of Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares of Common Stock that May Yet Be Purchased Under the Plans or Programs
January 2014	2,988	\$ 7.68	2,988	3,525,164
February 2014	3,465	7.68	3,465	3,521,699
March 2014	—	—	—	3,521,699
Total	6,453	\$ 7.68	6,453	

Tax Withholdings

The following table contains information about shares of our previously-issued common stock that we withheld from delivering to employees during the first quarter of 2014 to satisfy their tax obligations related to stock-based awards.

	Total Number of Shares of Common Stock Purchased	Average Price Paid per Share of Common Stock	Total Number of Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares of Common Stock that May Yet Be Purchased Under the Plans or Programs
January 2014	39,169	\$ 8.07	N/A	N/A
February 2014	7,728	8.14	N/A	N/A
March 2014	—	—	N/A	N/A
Total	46,897			

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Item 6. Exhibits

<u>Number</u>	<u>Description</u>
3.1	Articles of Amalgamation of Cott Corporation (incorporated by reference to Exhibit 3.1 to our Form 10-K filed February 28, 2007).
3.2	Second Amended and Restated By-laws of Cott Corporation, as amended (filed herewith).
31.1	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (filed herewith).
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (furnished herewith).
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (furnished herewith).
101	The following financial statements from Cott Corporation's Quarterly Report on Form 10-Q for the quarter ended March 29, 2014, filed May 8, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, (vi) Notes to the Consolidated Financial Statements (filed herewith).

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.

COTT CORPORATION

(Registrant)

Date: May 8, 2014

/s/ Jay Wells

Jay Wells
Chief Financial Officer
(On behalf of the Company)

Date: May 8, 2014

/s/ Gregory Leiter

Gregory Leiter
Senior Vice President, Chief Accounting Officer
and Assistant Secretary
(Principal Accounting Officer)

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COTT CORPORATION
SECOND AMENDED AND RESTATED
BY-LAW NO. 2002-1

Being a by-law relating generally to the transaction of the business and affairs of the Corporation, which by-law amends and restates By-Law No. 2002-1 and all prior amendments thereto.

ARTICLE ONE
INTERPRETATION

SECTION 1.01 DEFINITIONS. In the by-laws of the Corporation, unless the context otherwise requires:

“Act” means the *Canada Business Corporations Act* and all regulations made pursuant to it, and any statute and regulations that may be substituted therefor, as from time to time amended;

“appoint” includes “elect” and vice versa;

“articles” means the articles of amalgamation of the Corporation attached to the certificate of amalgamation dated December 31, 2006, as from time to time amended or restated;

“board” means the board of directors of the Corporation;

“by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;

“Corporation” means Cott Corporation, a corporation amalgamated under the laws of Canada;

“electronic document” means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means;

“information system” means a system used to generate, send, receive, store, or otherwise process an electronic document;

“meeting of shareowners” means an annual meeting of shareowners or a special meeting of shareowners;

“non-business day” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

“recorded address” means in the case of a shareowner his latest address as recorded in the securities register; and in the case of joint shareowners the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his latest address as shown in the records of the Corporation;

“signing officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.02, or by a resolution passed pursuant thereto;

save as aforesaid, words and expressions defined in the Act have the same meanings when used herein or in any other by-law; and

words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations; and a reference to a section means that section in the by-laws in which such section appears.

In the case of any conflict between the articles and the provisions of this or any other by-law the provisions of the articles shall prevail.

ARTICLE TWO
BUSINESS OF THE CORPORATION

SECTION 2.01 REGISTERED OFFICE. Until changed in accordance with the Act, the address of the registered office of the Corporation will be within the place specified in the articles or within articles of amendment changing the place in which its registered office is situated.

SECTION 2.02 EXECUTION OF INSTRUMENTS. Deeds, documents, bonds, debentures, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons, one of whom holds the office of chairman of the board, chairman of the executive committee, president, vice-president or director and the other of whom holds one of the said offices or the office of secretary, treasurer, assistant-secretary or assistant-treasurer or director or any other office created by by-law or by resolution of the board. Where one person holds more than one office, he may sign any of the above said deeds, documents, bonds, debentures, transfers, assignments, contracts, obligations, certificates and other instruments on behalf of the Corporation in one or more capacities. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

SECTION 2.03 BANKING AND FINANCIAL ARRANGEMENTS. The banking and financial business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking and financial business or any part thereof shall be trans acted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

SECTION 2.04 VOTING RIGHTS IN OTHER BODIES CORPORATE. The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

SECTION 2.05 WITHHOLDING INFORMATION FROM SHAREOWNERS. Subject to the provisions of the Act, no shareowner shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, it would be inexpedient in the interests of the shareowners or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareowners and no shareowner shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the board or by resolution passed at a general meeting of shareowners.

SECTION 2.06 DECLARATIONS. Any officer of the Corporation or any other person appointed for the purpose by resolution of the board is authorized and empowered to appear and make answer for, on behalf and in the name of the Corporation, to writs, orders and interrogatories upon articulated facts issued out of any court and to declare for, on behalf and in the name of the Corporation, any answer to writs of attachment by way of garnishment or otherwise and to make all affidavits and sworn declarations in connection therewith or in connection with any and all judicial proceedings. Such officers and persons may make demands of abandonment or petitions for winding-up or bankruptcy orders upon any debtor of the Corporation, may attend and vote at all meetings of creditors of the Corporation's debtors and grant proxies in connection therewith, and may generally do all such things in respect thereof as they deem to be in the best interests of the Corporation.

ARTICLE THREE
BORROWING AND SECURITIES

SECTION 3.01 BORROWING POWER. Without limiting the borrowing powers of the Corporation as set forth in the Act or in the articles, the board may from time to time:

- (a) borrow money upon the credit of the Corporation and limit or increase the amount to be borrowed;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness, guarantees or securities of the Corporation, whether secured or unsecured;
- (c) to the extent permitted by the Act, give guarantees on behalf of the Corporation to secure performance of an obligation of any person or give, directly or indirectly, financial assistance to any person on behalf of the Corporation by means of a loan, guarantee or otherwise; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the real or personal, moveable or immovable property of the Corporation, currently owned or subsequently acquired, including book debts, rights, powers, franchises and undertakings, to secure any present or future debt obligations or any money borrowed or other debt or liability of the Corporation, including any bonds, debentures, notes, debenture stock, other evidences of indebtedness, guarantees or securities of the Corporation which it is by law entitled to issue. Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

SECTION 3.02 DELEGATION. The board may from time to time delegate to such one or more of the directors or officers of the Corporation as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

ARTICLE FOUR
DIRECTORS

SECTION 4.01 NUMBER OF DIRECTORS AND QUORUM. Until changed in accordance with the Act, the board shall consist of such fixed number, or minimum and maximum number, of directors as may be set out in the articles.

The directors may, from time to time, fix by resolution the quorum for meetings of directors, but until otherwise fixed, a majority of the directors in office from time to time shall constitute a quorum. Subject to the provisions of section 4.06 hereof, any meeting of directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the by-laws of the Corporation for the time being vested in or exercisable by the directors generally.

Subject to the Act and to the articles of the Corporation, the directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareowners, but the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareowners.

SECTION 4.02 QUALIFICATION. No person shall be qualified for election as a director if he is less than eighteen (18) years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareowner. At least 25% of the directors, or such lesser number as may be permitted by the Act, must be resident Canadians. However, if the Corporation has fewer than four directors, at least one director, or such lesser number as may be permitted by the Act, must be a resident Canadian.

SECTION 4.03 ELECTION AND TERM. The election of directors shall take place at each annual meeting of shareowners at which time all the directors then in office shall cease to hold office, but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareowners otherwise determine. The election shall be by resolution. If an election of directors is not held at any such meeting of shareowners, the incumbent directors shall continue in office until their successors are elected.

SECTION 4.04 VACATION OF OFFICE. A director ceases to hold office when he dies; when he is removed from office by the shareowners in accordance with the provisions of the Act; when he ceases to be qualified for election

as a director; or when his written resignation is received by the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.

SECTION 4.05 VACANCIES. Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure of the shareowners to elect the number or minimum number of directors. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareowners to elect the number or minimum number of directors, the board may call a special meeting of shareowners to fill the vacancy. If the board fails to call such meeting or if there are no such directors then in office, any shareowner may call the meeting. Where there is a vacancy in the board, the remaining directors may exercise all the authorities, powers and discretions of the board so long as a quorum remains in office.

SECTION 4.06 CANADIAN RESIDENCY REQUIREMENTS. The board shall not transact business at a meeting, other than filling a vacancy in the board, unless at least 25% of the directors present, or such lesser number as may be permitted by the Act, are resident Canadians, or, if the Corporation has fewer than 4 directors, at least one of the directors present, or such lesser number as may be permitted by the Act, is a resident Canadian. The board may, however, transact business at a meeting of directors where the required number of resident Canadian directors is not present if

- (a) a resident Canadian director who is unable to be present approves in writing or by telephonic, electronic or other communication facilities, the business transacted at the meeting; and
- (b) the required number of resident Canadian directors would have been present had that director been present at the meeting.

SECTION 4.07 MEETINGS BY TELEPHONE. ELECTRONIC OR OTHER COMMUNICATION FACILITY. A director may, to the extent and in the manner permitted by law, participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, but only if all the directors of the Corporation have consented to that form of participation. A director participating in such a meeting by such means is deemed for the purposes of the Act to be present at that meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

SECTION 4.08 PLACE OF MEETINGS. Meetings of the board may be held at any place in or outside Canada.

SECTION 4.09 CALLING OF MEETINGS. Meetings of the board shall be held from time to time and at such place as the board, the chairman of the board, the chairman of the executive committee, the president or any two directors may determine.

SECTION 4.10 NOTICE OF MEETING. Notice of the time and place of each meeting of the board shall be given in the manner provided in section 12.01 to each director not less than twenty-four (24) hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified. A director may waive notice of or otherwise consent to a meeting of the board. Such a waiver of notice may be sent in any manner, including as an electronic document and at any time before, during or after a meeting of the board. No action taken at any meeting of the board shall be invalidated by the accidental failure to give notice or sufficient notice thereof to any director.

SECTION 4.11 FIRST MEETING OF NEW BOARD. Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareowners at which such board is elected.

SECTION 4.12 ADJOURNED MEETING. Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

SECTION 4.13 REGULAR MEETINGS. The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and

time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

SECTION 4.14 CHAIRMAN. The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, chairman of the executive committee, president or a vice-president, who is a director. If no such officer is present, the directors present shall choose one of their number to be chairman.

SECTION 4.15 VOTES TO GOVERN. At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote.

SECTION 4.16 REMUNERATION AND EXPENSES. The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

ARTICLE FIVE

COMMITTEES

SECTION 5.01 COMMITTEES OF DIRECTORS. The board may appoint a committee or committees of directors, however designated, and delegate to such committee or committees any of the powers of the board except those which, under the Act, a committee of directors has no authority to exercise.

SECTION 5.02 EXECUTIVE COMMITTEE. The board may designate one of the committees appointed by it as the executive committee. It shall comprise at least three (3) members who shall remain in office at the pleasure of the board and while still directors. It shall, subject to section 5.01, be vested with all the powers and authority of the board between meetings thereof. All acts and proceedings of the executive committee shall be reported to the board at the next meeting thereof, but any right granted or obligation incurred pursuant to the authority of the executive committee shall be treated as valid and binding upon the Corporation.

SECTION 5.03 AUDIT COMMITTEE. The board shall elect from among its number an audit committee to be composed of at least three (3) directors of whom the majority shall not be officers or employees of the Corporation or its affiliates. Members of the audit committee shall remain in office at the pleasure of the board and while still directors.

SECTION 5.04 TRANSACTION OF BUSINESS. Subject to the provisions of section 4.07, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of a committee of directors may be held at any place in or outside Canada.

SECTION 5.05 PROCEDURE. Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

ARTICLE SIX

OFFICERS

SECTION 6.01 APPOINTMENT. The board may from time to time appoint a chairman of the board, a chairman of the executive committee, a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to section 6.02, an officer may but need not be a director and one person may hold more than one office.

SECTION 6.02 CHAIRMAN OF THE BOARD, CHAIRMAN OF THE EXECUTIVE COMMITTEE AND PRESIDENT. The chairman of the board, chairman of the executive committee and the president shall each be chosen from among the directors and, if appointed, shall have such powers and duties as the board may specify.

SECTION 6.03 VICE-PRESIDENT OR VICE-PRESIDENTS. The vice-president or vice-presidents shall have such powers and duties as the board may specify.

SECTION 6.04 SECRETARY. Except as may be otherwise determined from time to time by the board, the secretary shall attend and be the secretary of all meetings of the board, shareowners and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareowners, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.

SECTION 6.05 POWERS AND DUTIES OF OTHER OFFICERS. The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

SECTION 6.06 VARIATION OF POWERS AND DUTIES. The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

SECTION 6.07 TERM OF OFFICE. The board, in its discretion, may remove and discharge any or all the officers of the Corporation either with or without cause at any meeting called for that purpose and may elect or appoint others in their place or places. Any officer or employee of the Corporation, not being a member of the board, may also be removed and discharged, either with or without cause, by the chairman of the board, chairman of the executive committee or president. If, however, there be a contract with an officer or employee derogating from the provisions of this section such removal or discharge shall be subject to the provisions of such contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed.

SECTION 6.08 TERMS OF EMPLOYMENT AND REMUNERATION. The terms of employment and the remuneration of officers appointed by the board shall be settled by it from time to time.

SECTION 6.09 AGENTS AND ATTORNEYS. The board, the chairman of the board, the chairman of the executive committee or the president or any person delegated by any of them shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION 6.10 FIDELITY BONDS. The board, the chairman of the board, the chairman of the executive committee or the president or any person delegated by any of them may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine.

ARTICLE SEVEN

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

SECTION 7.01 LIMITATION OF LIABILITY. No director or officer shall be liable for the acts, receipts, neglects or defaults of any other person including any director or officer or employee or agent, or for joining in any receipt or acts for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, delictual, quasi-delictual or tortious acts of any person with whom any of the moneys, securities or other property of the Corporation shall be deposited or for any loss occasioned by an error

of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which may arise out of the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the mandatory provisions of the Act or from liability for any breach thereof.

SECTION 7.02 LIMITATION OF LIABILITY. Without in any manner derogating from or limiting the mandatory provisions of the Act but subject to the conditions in this by-law, the Corporation shall indemnify each director and officer of the Corporation, each former director and officer of the Corporation and each individual who acts or acted at the Corporation's request as a director or officer, or each individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

SECTION 7.03 ADVANCE OF COSTS. The Corporation may advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.02. The individual shall repay the moneys if the individual does not fulfil the conditions of section 7.04.

SECTION 7.04 LIMITATION IN INDEMNITY. The Corporation's indemnity applies, however, only to the extent that the individual seeking indemnity:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

SECTION 7.05 INSURANCE. Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such, as the board may from time to time determine.

ARTICLE EIGHT

SHARES

SECTION 8.01 ALLOTMENT. Subject to the articles, shares of the Corporation may be issued at such times and to such persons and for such consideration as the board may determine and the board may from time to time allot or grant options or other rights to purchase any of the shares of the Corporation at such times and to such persons and for such consideration as the board shall determine.

SECTION 8.02 COMMISSIONS. Subject to the provisions of the Act, the board may from time to time authorize the Corporation to pay a commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

SECTION 8.03 REGISTRATION OF TRANSFER. Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by his attorney or successor duly appointed, or upon proper instructions from the holder of uncertificated shares, in each case with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time require, and upon payment of all applicable taxes and any fees required by the board.

SECTION 8.04 TRANSFER AGENTS, REGISTRARS AND DIVIDEND DISBURSING AGENTS. The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers. The board may also from time to time appoint a dividend disbursing agent to disburse dividends. One person may be appointed to any number of the aforesaid positions. The board may at any time terminate any such appointment.

SECTION 8.05 CONCLUSIVENESS OF SECURITIES REGISTER. Subject to the provisions of the Act, the Corporation shall treat the person in- whose name any share is registered in the securities register as absolute owner of such share with full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

SECTION 8.06 SHARE CERTIFICATES. Shares of the capital stock of the Corporation may be certificated or uncertificated. Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareowner's right to a share certificate respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with section 2.02, and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless counter-signed by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced upon share certificates and every such printed or mechanically reproduced signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

SECTION 8.07 REPLACEMENT OF SHARE CERTIFICATES. The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken upon payment of such fee, if any, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

SECTION 8.08 JOINT SHAREOWNERS. If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

SECTION 8.09 DECEASED SHAREOWNERS. In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon or other distributions in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agent.

ARTICLE NINE DIVIDENDS AND RIGHTS

SECTION 9.01 DIVIDENDS. Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareowners according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

SECTION 9.02 DIVIDEND CHEQUES. A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them or those of its dividend disbursing agent to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by pre-paid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation on or after the applicable dividend payment date, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

SECTION 9.03 NON-RECEIPT OF CHEQUES. In the event of non- receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

SECTION 9.04 UNCLAIMED DIVIDENDS. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE TEN

MEETINGS OF SHAREOWNERS

SECTION 10.01 ANNUAL MEETINGS. The annual meeting of shareowners shall be held at such time in each year and, subject to section 10.03, at such place as the board or failing it, the chairman of the board, the chairman of the executive committee or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

SECTION 10.02 SPECIAL MEETINGS. Subject to compliance with the Act, the board, the chairman of the board, the chairman of the executive committee or the president shall have power to call a special meeting of shareowners at any time.

SECTION 10.03 PLACE OF MEETINGS. Meetings of shareowners shall be held at the place where the registered office of the Corporation is situated or, if the board so determines, at some other place within Canada.

SECTION 10.04 MEETINGS BY TELEPHONE, ELECTRONIC OR OTHER COMMUNICATION FACILITY. Any person entitled to attend a meeting of shareowners may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting. The directors or the shareowners of the Corporation who call a meeting of shareowners pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

SECTION 10.05 NOTICE OF MEETINGS. Subject to compliance with the Act, notice of the time and place of each meeting of shareowners shall be given in the manner provided in section 12.01 not less than twenty-one (21) nor more than fifty (50) days before the date of the meeting to each director, to the auditor and to each shareowner who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. A shareowner may in any manner either before, during or after a meeting of shareowners waive notice of or otherwise consent to a meeting of shareowners.

SECTION 10.06 CHAIRMAN, SECRETARY AND SCRUTINEERS. The chairman of any meeting of shareowners shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chairman of the executive committee, president or a vice-president who is a shareowner. If no such officer is present within fifteen (15) minutes after the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary and each assistant-secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareowner, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareowners, may be appointed by a resolution or by the chairman of the meeting.

SECTION 10.07 PERSONS ENTITLED TO BE PRESENT. The only persons entitled to be present at a meeting of shareowners shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

SECTION 10.08 QUORUM. Except as otherwise provided by law or by the articles, a quorum for the transaction of business at any meeting of shareowners shall be not less than two persons present in person, each being a shareowner entitled to vote thereat or a duly appointed proxy for an absent shareowner so entitled, and holding or representing the holder or holders of shares carrying not less than a majority of the voting power of all issued and outstanding shares of the Corporation entitled to vote on a particular matter to be acted on at the meeting, except that, when specified business is to be voted on by one or more classes or series of shares voting as a class, unless otherwise provided by law, regulatory authority or by the articles, the holders of not less than a majority of the voting power of the shares of such classes or series shall constitute a quorum for the transaction of such matter. If a quorum is present at the opening of the meeting of shareowners, the shareowners present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

If a quorum is not present at the opening of a meeting of shareowners, the shareowners present in person and entitled to be counted for the purpose of forming a quorum shall have power to adjourn the meeting from time to time to a fixed time and place without notice other than announcement at the meeting until a quorum shall be present, subject to the provisions of the Act, the articles and section 10.16 of this by-law. At any such adjourned meeting, provided a quorum is present, any business may be transacted which might have been transacted at the meeting adjourned.

SECTION 10.09 RIGHT TO VOTE. The shareowners entitled to vote at any meeting of shareowners shall be determined in accordance with the provisions of the Act and the articles.

SECTION 10.10 PROXIES. Every shareowner entitled to vote at a meeting of shareowners may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareowners, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareowner or his attorney and shall conform with the requirements of the Act and applicable law.

SECTION 10.11 TIME FOR DEPOSIT OF PROXIES. The board may specify in a notice calling a meeting of shareowners a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

SECTION 10.12 JOINT SHAREOWNERS. If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareowners may, in the absence of the other or others, vote the shares; but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the shares jointly held by them.

SECTION 10.13 VOTES TO GOVERN. At any meeting of shareowners every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes, either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

SECTION 10.14 SHOW OF HANDS. Subject to the provisions of the Act, any question at a meeting of shareowners shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareowners upon the said question.

SECTION 10.15 BALLOTS. On any question proposed for consideration at a meeting of shareowners, and whether or not a show of hands has been taken thereon, any shareowner or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to votes at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareowners upon the said question.

SECTION 10.16 ADJOURNMENT. Subject to the articles, if a meeting of shareowners is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the meeting that is adjourned. If a meeting of shareowners is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for required by the Act.

SECTION 10.17 RESOLUTION IN WRITING. A resolution in writing signed by all the shareowners entitled to vote on that resolution at a meeting of shareowners is as valid as if it had been passed at a meeting of the shareowners unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

SECTION 10.18 ELECTRONIC VOTING BY SHAREOWNERS. Any vote at a meeting of the shareowners may be held, to the extent and in the manner permitted by law, entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility. Any person participating in a meeting of shareowners by electronic means as provided in section 10.04 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

ARTICLE ELEVEN

DIVISIONS AND DEPARTMENTS

SECTION 11.01 CREATION AND CONSOLIDATION OF DIVISIONS. The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.

SECTION 11.02 NAME OF DIVISIONS. Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name.

ARTICLE TWELVE

NOTICES

SECTION 12.01 METHOD OF SENDING NOTICE. Subject to compliance with all applicable laws, any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareowner, director, officer, auditor or member of a committee of the board shall be sufficiently sent if (i) delivered personally to the person to whom it is to be sent, (ii) delivered to the recorded address or mailed to the recorded address of that person by prepaid mail (iii) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication or (iv) provided as an electronic document to the information system of that person. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means- of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses its own facilities or information system and otherwise when delivered to the appropriate communication company or agency or its representative for dispatch. The secretary or assistant secretary may change or cause to be changed the recorded address of any shareowner, director, officer or auditor or member of a committee of the board in accordance with any information believed by him to be reliable. The recorded address of a director shall be his latest address as shown in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act*, whichever is the more current.

SECTION 12.02 ELECTRONIC DOCUMENTS. A requirement under this by-law to provide a person with a notice, document or other information is not satisfied by the provision of an electronic document unless:

- (a) the addressee has consented, in the manner prescribed under the Act, and has designated an information system for the receipt of the electronic document;
- (b) the electronic document is provided to the designated information system, unless otherwise prescribed in the Act;
- (c) in the case of a notice, document or other information that is required by the Act to be provided by registered mail, the provision of such notice, document or other information by the sending of an electronic document is prescribed by the Act;
- (d) the Act has been complied with;
- (e) the information in the electronic document is accessible by the sender so as to be usable for subsequent reference; and
- (f) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference.

SECTION 12.03 NOTICE TO JOINT SHAREOWNERS. If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them. The address to be used for the purpose of giving notices shall be the recorded address.

SECTION 12.04 COMPUTATION OF TIME. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

SECTION 12.05 UNDELIVERED NOTICES. If any notice given to a shareowner pursuant to section 12.01 is returned on three (3) consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareowner until he informs the Corporation in writing of his new address.

SECTION 12.06 OMISSIONS AND ERRORS. The accidental omission to give any notice to any shareowner, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

SECTION 12.07 PERSONS ENTITLED TO SHARES BY DEATH OR OPERATION OF LAW. Every person who, by operation of law, transfer, death of a shareowner or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareowner from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement as provided in the Act.

SECTION 12.08 WAIVER OF NOTICE. Any shareowner (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareowners or of the board or committee thereof which may be given in any manner.

ARTICLE THIRTEEN

FISCAL YEAR

SECTION 13.01 FISCAL YEAR. The fiscal period of the Corporation shall terminate on such day in each year as the board of directors may from time to time determine.

ARTICLE FOURTEEN

EFFECTIVE DATE

SECTION 14.01 EFFECTIVE DATE. This by-law is effective from the date of the resolution of the directors adopting same and shall continue to be effective unless amended by the directors until the next meeting of shareowners of the Corporation, whereat if same is confirmed or confirmed as amended, this by-law shall continue in effect in the form in which it was so confirmed.

SECTION 14.02 REPEAL. Upon the date of this by-law coming into force, By-Law No. 2002-1, of the Corporation, as amended, shall be repealed, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal.

All officers and persons acting under any by-law so repealed shall continue to act as appointed under the provisions of this by-law and all resolutions of the shareowners or board or committee thereof with continuing effect passed under any repealed by-law shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.

The foregoing amendments to By-law No. 2002-1 of the Corporation were approved by the directors of the Corporation at a meeting held on the 14th day of March 2007.

The foregoing amendments to By-law No. 2002-1 of the Corporation were confirmed by the shareowners of the Corporation at the annual and special meeting of shareowners held on the 26th day of April 2007.

The foregoing Second Amended and Restated By-law No. 2002-1 of the Corporation is signed by an officer of the Corporation and hereby made.

DATED as of the 26th day of April, 2007.

/s/ Mark R. Halperin

Mark R. Halperin
Corporate Secretary

**AMENDMENT TO COTT CORPORATION
SECOND AMENDED AND RESTATED BY-LAWS**

BY LAW NO. 2002-2

being a by-law relating generally to the nomination of persons for election of directors of Cott Corporation (the “**Corporation**”), which by-law amends Second Amended and Restated By-Law No. 2002-1.

ARTICLE ONE

ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

SECTION 1.01 NOMINATION OF DIRECTORS. Only persons who are nominated in accordance with the provisions of this By-Law No. 2002-2 shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation at any annual meeting of shareowners, or at any special meeting of shareowners called for the purpose of electing directors as set forth in the Corporation’s notice of such special meeting, may only be made:

- (a) by or at the direction of the board of directors of the Corporation, including pursuant to a notice of meeting,
- (b) by or at the direction or request of one or more shareowners pursuant to a proposal submitted to the Corporation in accordance with applicable laws or a requisition of meeting submitted to the directors in accordance with applicable laws, or
- (c) by any person (a “nominating shareowner”) who, at the close of business on the date of the giving of the notice provided for below and on the record date for determining shareowners entitled to vote at such meeting, is a registered holder or beneficial owner of shares that are entitled to be voted at such meeting and complies with the notice and other procedures set forth in this By-Law No. 2002-2.

SECTION 1.02 TIMELY NOTICE. In addition to any other requirements in this By-Law No. 2002-2 and under applicable laws, for a nomination to be made by a nominating shareowner, the nominating shareowner must have given timely notice thereof in proper written form to the secretary of the Corporation. To be timely, a nominating shareowner’s notice must be received by the Secretary at the principal executive offices of the Corporation:

- (a) in the case of an annual meeting of shareowners, not less than 30 nor more than 60 days prior to the date of the annual meeting of shareowners; provided, however, that if the annual meeting of shareowners is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the nominating shareowner may be made not later than the close of business on the 10th day following the date on which the public announcement of the date of the annual meeting is first made by the Corporation; and
- (b) in the case of a special meeting of shareowners (which is not also an annual meeting of shareowners), not later than the close of business on the 15th day following the day on which the public announcement of the date of the special meeting of shareowners is first made by the Corporation.

The adjournment or postponement of a meeting of shareowners or the announcement thereof shall not commence a new time period for the giving of a nominating shareowner’s notice as described above.

SECTION 1.03 PROPER WRITTEN FORM. To be in proper written form, a nominating shareowner’s notice to the Secretary must set forth:

- (a) as to each person whom the nominating shareowner proposes to nominate for election as a director:
 - (i) the name, age, business address and residential address of the nominee,
 - (ii) the principal occupation or employment of the nominee,
 - (iii) whether the nominee is a resident Canadian within the meaning of the Canadian Business Corporation Act (the “Act”),
 - (iv) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareowners (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice,
 - (v) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the nominee or any of its affiliates and the nominating shareowner, any person acting jointly or in concert with the nominating shareowner or any of their respective affiliates,

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- (vi) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws, and
 - (vii) duly completed personal information form in respect of the nominee in the form prescribed by the principal stock exchange on which the securities of the Corporation are then listed for trading; and
- (b) as to the nominating shareowner giving the notice,
- (i) the name and record address of the nominating shareowner,
 - (ii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominating shareowner as of the record date for the meeting of shareowners (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice,
 - (iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareowners' interests in the Corporation,
 - (iv) any proxy, contract, arrangement, understanding or relationship pursuant to which the nominating shareowner has a right to vote any shares of the Corporation,
 - (v) whether the nominating shareowner intends to deliver a proxy circular and form of proxy to any shareowners of the Corporation in connection with the election of directors, and
 - (vi) any other information relating to the nominating shareowner that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

Such notice must be accompanied by the written consent of each nominee to being named as a nominee and to serve as a director, if elected. Reference to "nominating shareowner" in this section 1.03 shall be deemed to refer to each shareowner that nominates a person for election as director in the case of a nomination proposal where more than one shareowner is involved in making such nomination proposal.

SECTION 1.04 FURTHER INFORMATION. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareowner's understanding of the independence, or lack thereof, of such proposed nominee.

SECTION 1.05 DETERMINATION OF ELIGIBILITY. The chair of the meeting of shareowners at which an election for directors is held shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. The Board may, in its sole discretion, waive any requirement in this By-Law No. 2002-2.

SECTION 1.06 DISCUSSION PERMITTED. Nothing in this By-Law No. 2002-2 shall be deemed to preclude discussion by a shareowner (as distinct from the nomination of directors) at a meeting of shareowners of any matter it is entitled to discuss pursuant to the Act.

SECTION 1.07 MEANING OF PUBLIC ANNOUNCEMENT. For purposes of this By-Law No. 2002-2, "public announcement" shall mean disclosure in a press release reported by a national news service in Canada or the United States or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com or the Electronic Data Gathering, Analysis and Retrieval system at www.sec.gov/edgar.shtml.

SECTION 1.08 NOTICE. Notwithstanding any other provision of the by-laws of the Corporation, notice given to the secretary pursuant to this By-Law No. 2002-2 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

ARTICLE TWO

GENERAL

SECTION 2.01 EFFECTIVE DATE. This By-Law No. 2002-2 is effective from the date of the resolution of the directors adopting same and shall continue to be effective unless amended by the directors until the next meeting of shareowners of the Corporation, whereat if same is confirmed or confirmed as amended, this by-law shall continue in effect in the form in which it was so confirmed.

SECTION 2.02 AMENDMENT. Second Amended and Restated By-Law. No 2002-1, as amended from time to time, of the by-laws of the Corporation and this By-Law No. 2002-2 shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of the Corporation. All terms contained in this by-law which are defined by Second Amended and Restated by-Law No. 2002-1, as amended by from to time, of the by-laws of the Corporation shall, for all purposes hereof, have the meanings given to such terms in the said By-law, unless expressly stated otherwise or the context otherwise required.

The foregoing amendments to By-law No. 2002-1 of the Corporation were approved by the directors of the Corporation at a meeting held on the 29^h day of October, 2013.

The foregoing By-Law No. 2002-2 of the Corporation is signed by an officer of the Corporation and hereby made.

DATED as of the 29th day of October, 2013.

/s/ Marni Morgan Poe

Marni Morgan Poe

Vice President, General Counsel and
Secretary

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jerry Fowden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cott Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jerry Fowden

Jerry Fowden
Chief Executive Officer

Dated: May 8, 2014

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cott Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jay Wells

Jay Wells

Chief Financial Officer

Dated: May 8, 2014

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION
906 OF THE SARBANES-OXLEY ACT OF 2002.**

The undersigned, Jerry Fowden, Chief Executive Officer of Cott Corporation (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2014 (the "Report").

The undersigned hereby certifies that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 8th day of May, 2014.

/s/ Jerry Fowden

Jerry Fowden
Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION
906 OF THE SARBANES-OXLEY ACT OF 2002.**

The undersigned, Jay Wells, Chief Financial Officer of Cott Corporation (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2014 (the "Report").

The undersigned hereby certifies that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 8th day of May, 2014.

/s/ Jay Wells

Jay Wells

Chief Financial Officer